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CZECHOSLOVAKIA

Party Leaders Report to 13th Plenum

24000121 Prague RUDE PRAVO in Czech 4 Apr 89 p 3

[Members of CPCZ Central Committee address the 30-31 March party plenum]

[Text]

Vladimir Kunovjanek, Director, CPCZ CC Marxist Leninist Institute

In our educational system, we can proceed on the basis of its great traditions. It is not only Jan Amos Komensky who created them, but also Czech and Slovak teachers during the time of the national rebirth and, subsequently, even patriotic teachers during the occupation, who are, for the most part, unknown today. A part of this progressive tradition is also the struggle to create a unified school as the highest humanitarian and democratic institution for all our children. The party, therefore, proudly points to the legacy of such teachers as, for example, Julius Volek-Choraz, Petr Jilemnicky, or Jan Nalepka.

Naturally, we perceive all of these traditions as representing certain ideological points of departure, but in and of themselves they are not enough. On the contrary, if we were to limit ourselves only to them, they could even become a brake upon further development. This backwardness in our educational system could then be dangerous for our society, particularly because our development in the future will depend especially on the cultural and intellectual level of our people, naturally also including a high culture of work in the broad meaning of the word.

Prior to today's plenum of the Central Committee, the communications media devoted great amounts of space to a broad exchange of views regarding the educational system. The discussion indicated that the school system, like any other system, could become rigid if it closed itself off for a lengthy period from external stimuli and if it did not react to new circumstances. We also know that in the discussion prior to the meeting the media presented the most varied and even completely contradictory views. This is not detrimental. On the contrary, we can perceive this as a politically positive manifestation because it shows that the discussion was not restricted ahead of time to a preference for certain "official" concepts or models, or that voices raised in opposition were not given space. For the discussion which was organized by RUDE PRAVO prior to this plenum, certain symptoms of previous methodological errors showed up, as did symptoms of inferior political work.

The disputed questions are specialized in character and should, therefore, be discussed openly by specialists. Let them say what they have to say, for and against. However, it is a political fact that such discussions cannot be

rejected either at specific or at general levels. We must value good teachers, we must carefully listen to their voices, we must collect and analyze their experiences. We cannot permit qualified pedagogues to hesitate to openly give their views in the future only because they believe that by speaking out they might cause problems for themselves. If our political interest lies in a constantly more perfect educational system, then it is necessary to utilize the findings of all who come into contact with this problem area. It is not possible to narrow down the entire affair only to employees in management, in research institutes, or in selected teaching facilities.

The discussion prior to today's plenum showed that the public frequently also expects it to provide detailed answers to a broad scale of questions. However, it is not possible for the highest party organs to deal with matters which organs of school administration can decide within their own jurisdiction, matters which can be decided by rectors of schools or directly by pedagogic collectives. In my opinion, it would not even be wise for the party to put its prestige and authority on the line in the future by making categorical decisions about such questions as, for example, the suitability of one or another form of teaching, the length of study prescribed in a specific discipline, or the content of teaching plans, etc. In its educational policy, the party must primarily follow the fundamental line—that is, the constant improvement of the educational level of our society, which is the principal axis for its further development.

Another political question is the very frequently debated problem involving the prestige of the teaching profession. The fact that this prestige is lower than it was in the past has its objective reasons. In the past, the teacher was among the few people in the village who were able to read and write, a fact which undoubtedly contributed to his authority. The current prestige of teachers, however, must be based on completely different principles. It will be more dependent on the selection of students for the teaching profession, on their high-quality training, and, later, also on their enthusiasm for the work and the concomitant authority before pupils or students, as well as in public. However, there is also the question of the economic well-being of the teacher which is most likely very closely connected with the long-range strengthening of the so sorely needed masculine element among pedagogic workers.

In world-view education at advanced schools, there exist a number of shortcomings and the results in this area are not particularly encouraging. We frequently encounter the opinion that this state of affairs is primarily the fault of the teachers at the institutes of Marxism-Leninism at advanced schools. However, matters are far more complicated. After all, the subjects of Marxism-Leninism account for not quite 10 percent of the overall education load. Moreover, there is not a unified approach to world-view instruction, not even within the framework of overall advanced school education. And yet, every subject has its political and world-view aspect which

cannot be neglected in instruction. Marxism-Leninism cannot be considered merely as a subject which is primarily connected with propaganda, but must be considered to be an essential methodological foundation for all knowledge disciplines.

For the functioning of teachers at institutes of Marxism-Leninism to be really effective, the theoretical analysis of general theses must be thoroughly confronted with the reality which students encounter and in which we all live. That is why it is very useful for the majority of particularly the younger teachers at institutes of Marxism to undergo political temporary assignments in territorial party organizations. To accomplish their actual linkage with practice, it is essential for them to be assigned even to other than ideological departments, possibly even to enterprisewide committees of the party in enterprises in the manner this is being practiced for some time now, for example, by the Prague Municipal Party Committee.

A very complicated task facing the institutes of Marxism-Leninism which is being successfully fulfilled only in part, involves bringing the content of Marxist-Leninist instruction closer to the profile of the school or the faculty involved. Naturally, no separate Marxism exists for technicians and, say, for example, for pedagogic faculties. The emphasis on the unity of Marxism-Leninism is in no way an obstacle to far greater analysis of the connections between Marxist-Leninist theory and concrete disciplines, depending on the profile of individual faculties. Thus, it is correct for institutes of Marxism-Leninism to be able to make their own determinations with respect to 10 to 30 percent of the content of instruction. However, this solution should not provide space for arbitrariness on the part of every instructor to lecture only about what he knows, but should lead to a modification of instruction from the standpoint of the requirements of a specific type of study. All of these possibilities must be utilized to fulfill the goal of presenting Marxism-Leninism as a living and necessary science rather than as dead dogma.

**Vasil Mohorita, Member of the CPCZ CC Secretariat,
Chairman of the Socialist Youth Union**

One thing we all have in common, we all went to school and we all have our personal experiences with school. These experiences lead us to make comparisons, to make evaluations, to criticize, but also to remember. It is precisely for this reason that the questions which are being dealt with by the 13th Plenum of the CPCZ CC impact both on each individual and also on socialist society as a whole. The quality of our educational system and education in general, a quality reflecting the dynamics and requirements of the times, is one of the key conditions for us to get to where we want to be and where we must be with respect to restructuring and democratization of society.

It is necessary to return to the teaching profession the essential prestige, the social recognition which it deserves. We must facilitate creative development of teaching work, we must press for the return of male teachers behind the lecterns in basic and middle schools. This is important also because a large part of our young people today do not encounter a male educator until they are adults, but only deal with female educators. In this regard, it is necessary to reevaluate the system for remunerating teachers in comparison with other professions. This aspect is one of the reasons for the excessive feminization of our educational system and, moreover, this is one fundamental principle of socialism—to reward each person in accordance with the quantity and quality of socially beneficial work performed—which should not be absent from this particular industry.

In our current educational system, the educational component predominates over the upbringing component. I mean comprehensive education. We are living in a world of computers, robots, biotechnology. Electronics and automatic machines undoubtedly can master many functions far better and more rapidly than those who thought them up. However, who will control them or manage them is that much more important a question. They must be people who are culturally, humanistically, and morally mature, firm in their world views, and socially active. These are the kind of people we have to educate and bring up in the interest of socialism. It is correct that, in this connection, discussion focuses on how many hours of history, civics, music, or creative education should be in the teaching plan. But not too much is said about whether teaching takes place in shifts in overfilled classrooms. Whether the teacher has sufficient room and time to devote to individual pupils—and I do not want to analyze extracurricular education which also has an important place in forming the character of our children and young people.

And there is another topic here which has been discussed for years. The State Commission for Scientific-Technical and Investment Development and the ministries of education, youth, and physical education toss it about like a hot potato. I have in mind care for gifted and talented youth. We firmly believe that the time for disputes and lack of clarity in this matter is a thing of the past. It is precisely now that we need to know about talents, and we need to develop their natural capabilities and gifts. For example, it is no longer tenable for winners of statewide rounds of middle school specialized activities or specialized advanced school activities after completing their studies to take jobs which do not require advanced school or even middle school education.

The new range of starting salaries for advanced school graduates provided the opportunity to reward talented graduates. However, few employers are showing any interest in how well the entering advanced school graduate studied. And here we are once again in the charmed circle which does not provide motivation for achieving

outstanding study results and their development in practice. Therefore, we value the fact that this problem, among others, was discussed at the joint session of the Secretariat of the Socialist Youth Union Central Committee and the government of Czechoslovakia and appropriate measures were adopted in this direction.

A very serious question is the situation regarding the education of apprentices. The February session of the Socialist Youth Union Central Committee adopted a position with regard to the training of young people for blue-collar professions, on the material and moral rewarding of teachers, foremen involved in specialized education, educators, on material-technical equipment for schools, and on the ratio between theoretical and practical education. Perhaps the greatest fears are generated by the prospects for apprenticeship education under the new economic conditions. It is frequently also pointed out that while the state adopted the law on a compulsory 10 years of school attendance, it does not directly support the completion of this attendance cycle with respect to almost two-thirds of the young people involved.

The education and upbringing of young people today goes beyond the family and the school. From various sources, the young person acquires a whole lot of information. On the basis of all of this, he begins to formulate questions pertaining to the past, to the present, as well as to the future. And the young person asks questions more openly, more frequently than heretofore. It is necessary to respond to these questions with similar openness and honesty. Certainly, there are among the young people those who ask provocative questions, questions which appear to be unpleasant. We have been encountering some of these in recent times. However, our reaction cannot be the decision not to debate with them the next time. We have acquired yet another experience. We must not limit answering the questions posed by young people only to official occasions. It is necessary to speak with them constantly, at home, at the workplace, in schools, in their classroom, work, or union collectives. Wherever this is being done, results are obtained. Wherever this is not being done, people are seeking the offenders everywhere except in their own backyards.

The times of restructuring and democratization are showing many things in new light. It is not possible to change school textbooks from one day to the next. These facts should, therefore, be first reflected, for example, in the mass communications media. This is particularly true of the Czechoslovak Radio and of Czechoslovak Television. At the 10th plenum of the CPCZ Central Committee, I spoke of the need to establish a radio station having a special program for young people. I urged that this station should be reachable by radios which are currently available in Czechoslovakia—in other words, on medium wavelengths. What has changed since that time? Nothing. However, something did change. We stopped jamming Radio Free Europe. But

we did not offer an interesting radio broadcast for our young people. And yet, the Hvezda station has, in my opinion, the potential to do so.

We encountered a different approach on the part of Czechoslovak Television. In cooperation with the Socialist Youth Union, Czechoslovak Television is already now preparing an experimental broadcast of afternoon blocks of live youth programming for the month of May.

We have many shortcomings in educating people to be independent and to think creatively. For example, in the Young Pioneer Organization, we must strengthen the work involving Pioneer activists, we must see to it that children share in the decisionmaking involving their own social organization. Naturally, this requires more demanding work on the part of the Pioneer leaders since here, too, it is frequently more comfortable to make a unilateral decision and take unilateral action than to include the children themselves in the management and activities.

Experience shows that a partnership relationship between the educational system and youth organizations is clearly necessary. An example can be the good cooperation at the central level. Its results, for example, are the intraunion discussion on the amendment of the stipendium law, or the public discussion on the proposed new advanced school law. We have decided that we will proceed in the same manner with regard to the amendment of the so-called small school law. Despite all social approaches and good cooperation from central organs of the Socialist Youth Union and the various ministries of education, youth, and physical fitness, it continues to be an exception, for example, for the chairman of the schoolwide Socialist Youth Union Committee to participate in the sessions of the pedagogic council at middle schools, let alone that he could even speak out, as they say. Group leaders of the Young Pioneer Organization are also frequently not invited to attend meetings of the pedagogic council.

Our representatives at advanced schools do attend collegia or scientific council meetings, but are either silent, which is our fault, or their views are not taken seriously. It is also a startling fact that some party officials show little interest in the problems of pupils and students. For example, the atmosphere of this year's conference of the Socialist Youth Union at advanced schools was very open, critical, sometimes even stormy. However, some of these conferences did not hear from representatives of the party committee. And yet union members in a number of organizations at the schools were prepared to debate. They were prepared to speak on the difficulties, problems, and desires of members. They wanted to speak about what they want to do to improve the situation. They frequently did not find out what the thinking was regarding restructuring and democratization under the specific conditions of their school or faculty. And these are important issues because a young person must clearly know what is required of him, what is expected. At the

same time, he must also know what he can do and what is being offered to him. And this need not always mean big investments. Frequently, the things that bother young people, are little things that can be easily remedied. For example, nonsensical regulations which make it impossible for dormitory residents to decorate their rooms with tasteful posters. After all, for 3 or 4 years this is the second home for the young person.

Jan Gajdosik, Leading Secretary, CPSL Central Slovakia Kraj Committee

In conjunction with the document on the further expansion of the educational system, issued by the CPCZ CC, Central Slovakia Kraj has completed a network of new types of middle schools—vocational specialized training centers. More than 60 percent of the students at these centers are completing their mandatory years of school attendance and are currently preparing themselves for qualified blue-collar professional positions and technical-economic functions of an operational character. Whereas in the 1976-77 school year in our kraj, apprentice facilities were training a total of 38,000 apprentices in 2,000 study disciplines, currently 101 vocational training centers are training 47,000 apprentices, with 11,000 being trained in study disciplines. Express improvements have been achieved with respect to cadre support for the educational/training process. Required qualifications are held by 98 percent of the teachers. We consider it a success, but the increase in qualification will continue to be supported and stimulated so that it might reach the qualification level of teachers at gymnasia and vocational specialized schools.

The problems listed in the analysis of the Czechoslovak educational system are also characteristic of our kraj. For example, 71 percent of the foremen are fulfilling the required educational levels, which is not in harmony with the goals of the document. While the amendment of the labor law extends the period of annual leave from the current 4 weeks to 6 weeks, remuneration, which is being prosecuted by individual industries at differing levels, remains as a focal problem. Bonus indicators frequently show tasks which have no direct connection with the educational and training process. We are incapable of paying the best masters of specialized education, or we do not want to pay them. And the production sphere expects students in vocational training centers to acquire the necessary habits and skills so that their adaptability in production organization would not be a problem. Similar difficulties also exist with the acquisition of qualified educators. The function of educator is not attractive. In many vocational training centers, the functions of educator are carried out by retirees and graduates of middle schools without any training in education. The high degree of feminization is also a negative manifestation.

The rise of state enterprises is also changing the position of vocational training centers. In industries where state enterprises have come into being and are of the combine

or concern type, there have been no substantial changes in the rendering of aid to vocational training centers. In domestic trade and agriculture, management from a single center, as was occurring hitherto, has proven itself. Combined vocational training centers within the jurisdiction of kraj national committees should also be managed from a single center.

In practice, we often encounter criticism that graduates of training centers do not have proper work habits and adequate manual dexterity. This is true. Practical training is done on obsolete machines. We value as positive the equipment of the training centers located at the Heavy Engineering Plant in Martin, Detva, and Dubnica with modern electronically controlled metal-cutting training equipment. The ZTS Combine is preparing to produce these machines in collaboration with foreign firms.

The level of teaching texts cannot be overlooked. They are written for children in a difficult-to-comprehend style. It does not look as though good practicing pedagogues participated in compiling them. I have in mind texts in chemistry, physics, geography, civics, but also texts for the teaching of the Slovak language for elementary schools. Not even the integration of towns and villages brought about an improvement in the teaching process. Teaching in shifts has increased; many children are without supervision.

A reliance on self-study and parental help as early as elementary school is not correct. There are not many parents who are capable of helping their children, even if they wanted to. Similarly, I do not consider it correct to have pupils subjected to frequent testing. A more suitable method is public examination at the blackboard.

A great injustice is being done to children by those employees who are responsible for investment activities. I will cite two examples. In the okres town of Cadca, a primary school has been under construction for 15 years. The supplier of the facility is the Pozemni stavby Enterprise at Zilina. In the kraj town of Banska Bystrica, a gymnasium and an economic middle school have been under construction for 21 years. The supplier of the structure is the Pozemni stavby Enterprise at Banska Bystrica.

I do not agree with the view that children have a tendency to be mediocre. My experience is that children are naturally competitive and have an interest in learning. We should blame ourselves if they are mediocre. Care for children should be a pleasure for the teacher as well as for the parents; it should be a duty for society. It is also not wise to concentrate only on seeking out offenders. The mere search for offenders detracts from the solving of problems.

Matej Lucan, Deputy Premier, CSSR

Over the past 4 decades, the development of education at all levels and of all types in Czechoslovakia has been mammoth. That is why we have to resist various nihilistic and negativistic tendencies which have appeared and are appearing in public discussion.

Insofar as we wish to make a further qualitative step forward in education, we must, among other things, expend more funds on it from the national income. These are questions which have occupied and continue to occupy both the national and also the federal government with full seriousness. They have already adopted certain measures to solve these questions, specifically in conjunction with preparations for the Ninth 5-Year Plan and the long-term outlook for the development of society.

Education is not something which could be reorganized from one day to the next, not even from one year to the next. A school is truly a living organism which tolerates frequent organizational changes with difficulty. Our educational policy must take this into account and, at the same time, respect the dialectics of innovation and of tradition. We must carefully differentiate between the real requirements of new approaches which are based on economic and social restructuring and the uncontrolled formation of moods.

At one time, we rightfully criticized the pre-Munich republic for not making any substantial changes in the old Austro-Hungarian school system which in fact survived without major changes from 1869 through 1948. However, we find ourselves indulging in the other extreme. Since 1948 we have instituted five reforms of the basic and middle school system and are already considering a sixth reform. In recent times, there has been much discussion of introducing mandatory 10-year school attendance. According to UNESCO statistics, a 10-year mandatory school attendance is no luxury. Forty-three socialist and nonsocialist countries already have 10-year mandatory school attendance or mandate a longer period of school attendance. This has been compelled by the scientific-technical revolution.

In other words, we should in no event retreat from the 10-year mandatory school attendance. However, it is necessary to optimize its organizational arrangement. The trend of having students take the entire 10 years at a unified but internally differentiated school is beginning to be felt. This is possible, but would it be an optimum solution? We debated this concept as far back as the 1970's and it was not adopted because its realization has many pedagogic, psychological, economic, organizational, and political pitfalls. It would exert great demands upon the state budget. We had a similar system as far back as 1953 through 1960. Introduction of the 11-year school was being driven by the long-range outlook that it would be made accessible to all young people

within a historically short period. This reform contributed to accelerating the quantitative development of middle-school education, but even before this system could become deep-rooted, a new reform began under the slogan of the 12-year school incorporating practical work in production. The new concept gave rise to criticism that it neglected theoretical instruction and so, after another 8 years, the former 4-year gymnasium curriculum was reestablished.

The 13-year-long path toward the maturity examination, however, soon proved to be excessively long. That is why, at that time, it was being proposed that talented children be admitted to gymnasiums from the 8th year of basic school. This was probably an optimum solution, but it appeared complicated and so the 9-year schools were cut to 8-year schools. This was not the brainchild of some officials or politicians. It was recommended by responsible pedagogues and psychologists.

Today, we should be solving primarily those questions in education which are directly connected with the process of socioeconomic restructuring. We should part company primarily with some schematic concepts regarding the unified nature of education. Concepts which call for the continuation of the basic school to be unified with possible special-purpose internal differentiation. However, things looked different in the 10-year school. Among others, the 10-year school would mean shortening attendance at gymnasiums, specialized schools, and training centers by 2 years for all, and, thus, the practical liquidation of the 3-track system which is the heritage of our school traditions and which many abroad envy us, not excepting even Soviet educators. I believe that we should hew to our traditions and not abandon that which is proving itself worthwhile. After all, even in the discussions, the specialized middle schools are praised and gymnasiums are not even criticized for the fact that they are 4-year schools. Attention is particularly drawn to the problem of 14-year-old apprentices who are extremely young for some disciplines, and to the fact that theoretical instruction is inappropriate. However, to cure this sickness with new organizational replowing of the whole system would mean to risk new unforeseen difficulties. The preparation of young people for blue-collar professions is the most serious and most complicated problem in the entire Czechoslovak educational system. After all, we are talking about training the future working class—we are speaking of virtually 60 percent of the population.

It is very difficult to establish a profile of the vocational training center graduate, of the extent and level of his knowledge, skills, and habits, when no industry has a worked-out plan of development for modernization, let alone a plan for cadre support of the production program from the standpoint of long-range application of modern technology and technical equipment. The establishment of the profile of a graduate is, thus, not solely the responsibility of the educational system, but of all industries, including scientific work sites of the Czechoslovak Academy of Sciences. I consider the decision by the

ministries of education, youth, and physical fitness to leave the choice of an alternative teaching plan with a different content of specialized training, following consultation with the industry, to the director of the vocational training center to be correct. Economic production units and enterprises at first did not count on 2-year apprentice periods, did not count on training personnel for the simpler activities in the national economy, and vehemently strove to expand specialized training at vocational training centers. Today, when they are making a transition to the cost-accounting system (khodzraschet) and to self-financing, a number of founders of vocational training centers are setting about to prove the redundancy of expanding vocational training. The reason lies clearly in the fact that the vocational training centers will be financed by the enterprises involved and these enterprises will not have greater amounts of funds to pay the wages of foremen who are charged with vocational training.

The vocational training centers have problems with their establishment, financing, and management. These questions will be solved by the end of this half year in conjunction with the establishment of state enterprises. The government has adopted appropriate resolutions in this direction.

The preservation of the existing procedure for acceptance and management at vocational training centers appears outdated. Thus far, the national committee in some cases mandated the middle school, training center, at which the student had to register. Therefore, I consider it inevitable to politically and legislatively consider the possibility of rescinding the acceptance procedures as a legal issue and of revising it to become a pedagogic issue.

We recall the so-called 1-year training courses which existed in the pre-Munich republic as a superstructure of the 3-year former secondary school, but even during the 1950's, alongside the 8-year school. Why could we not introduce a similar proven type of school today with the difference that we would only have a 2-year school on top of the 8-year school? Not, however, for all young people, but for those who would not continue, for various reasons, on to one of the existing types of middle schools after graduating from basic school. This would not mean a shattering of the traditional educational system, but, on the contrary, it would mean its development under new demanding conditions dictated by restructuring.

The schools must respect the principle of the universal development of man, but must not discredit him through a dogmatic realization which would "make everyone happy" by forcing them into such a course of study for which many have no prerequisites or interest. Instead of being a workshop for humanity and a house of joy, the school is becoming a certain "prison," a place of resistance and boredom. Learning is strenuous mental work, but it must be work appropriate to the age and individual

mentality of the child. The differentiation of instruction motivated in this manner is not in conflict with the democratic character of education, but is one of its inevitable conditions.

Many of our students are afraid to do better than the others so as not to be considered zealots. As long as the school itself will support this mentality through its uniformism, all of its reforms will have little effect. What is most important is making a change in the internal spirit of the school, of applying more psychology, of combining its high demands with sensitivity toward the individual character traits of the child, to teach the fulfillment of duty, but also to make possible free special-interest activities, to lead students toward comprehending the dialectic relationship between freedom and discipline.

Miloslav Dockal, Head of a CPCZ CC Department

I consider the fact that the Central Committee session stressed the fundamental importance of education as one of the principal factors in the forming of the personality, in economic and social progress, as the basis of substantive solutions for complicated questions of the present, particularly of scientific-technical progress and its application in practice to be very important. The fact that the 13th session of the Central Committee considers it essential to realize a system of life-long education for its citizens, of increasing the qualification of workers as rapidly as possible, and that it assigned Communists and responsible organizations tasks in this direction is of the same importance.

Now, it is a matter of having the implementation of the adoption of conclusions also become the concern of all Communists, of all of society. It will be up to every one of us, candidates and members of the Central Committee, members of territorial party organizations, and particularly Communists in basic organizations in all areas of social and economic life to work creatively with the resolution, to see to it that it is not consigned to oblivion and to consistently fulfill it and verify it. The ongoing preparation of annual membership meetings and conferences prior to the 18th congress is an appropriate opportunity to bring the training of man to the center of attention of party and state organizations.

This in no way diminishes the duty of the school itself, of all pedagogic employees to actively and creatively improve the quality of educational and training work. We have good prerequisites in this regard. In our society, favorable conditions for understanding the requirements of the educational system were formed as early as the preparatory work prior to the 13th session. We consider the worked-out analysis, the critical discussion of it, as the result of an open policy which the Central Committee of the party is prosecuting in our society. I believe that each one of us can depart from the plenum with optimism based on the fact that our party has a clear educational policy line during the period of restructuring

and democratization of society. A new approach to the requirements of the educational system in conjunction with the political position inherent in the proclamation of the federal government, which does not even underestimate the seriousness of the problem involved in material technical supplies for the educational system, is beginning to be felt. Educational employees welcomed the adoption of the partial measures to improve the situation at the level of the national governments and the federal government toward the end of last year and at the beginning of this year. However, they expect that the overall requirements of the educational system will be taken into account and solved, beginning with the 9th 5-Year Plan. Most certainly, the conclusions of our plenum will lead Communists and our citizens toward a clear determination that the immeasurable riches inherent in the education and qualification of people must be better utilized by society than has been the case hitherto.

In our educational system, as well as in other work environments, it is true that the best expression of personal support for comprehensive restructuring of society is a commitment for positive changes in one's work. Consequently, it is necessary to appreciate the fact that many party members, but also those without party affiliation, are striving in pedagogic collectives to eliminate routinism, formalism and to create an atmosphere of creativity and initiative.

The 13th plenum is inaugurating a clear ideological and action program for party organizations in the educational system. Good and useful resolutions had been accepted in the past, but frequently had little effect upon the work of teachers and educators and foremen and other educational workers as a result of formal party work. The 7th, 9th, and 10th plenum provided a significant impulse also with respect to deepening democratization in the internal life of the school. This should be supported, developed, and skillfully utilized politically.

People are not indifferent with respect to how schools operate and how pupils, students, and even teachers feel in school. It is precisely on the activation of pedagogic, pupil, and student collectives that we wish to build. Currently, as is indicated by the reverberation and position adopted by basic organizations to the Proclamation of the Presidium of the CPCZ CC on the 41st anniversary of February, even Communists in the educational system are striving to position themselves at the head of the effort to create a creative environment in the pedagogic, pupil, and student collectives.

The deep experience of many generations of our teachers points the way toward the successful fulfillment of the main task assigned to employees of the school system during the period of restructuring—to effect the better preparation of graduates of middle and advanced schools for practical life.

You will perhaps ask yourselves why I have selected this question from among many others which could be shared with you at the meeting? For the sole reason that this generally recognized claim is far from being applied everywhere among educators.

The Central Committee of the party receives even unsigned letters which show that there are still citizens in our country for whom our socialist school is a thorn in the side, people who yearn for the school system of the period of the bourgeois republic, and people who, in contrast to the actual facts, deprecate and virtually belittle the level and results of our schools, achieved since February 1948. When we analyze some of the views, we see that the spiritual fathers of these so-called objective judgments are the forces surrounding the ignominiously notorious Radio Free Europe. "Experts" on the Czechoslovak educational system, emigres, give credibility to these views.

During the current vicious campaign against Czechoslovakia, particularly in conjunction with the events at the end of last year and at the beginning of this year, they expanded the panoply of so-called argumentation against our republic by adding questions on the educational system. More and more frequently there appear claims that, as in other areas, we have achieved nothing with respect to education and training of people. According to these views, the substance of the discussion should be that the educational system be made completely independent of the state power and of party policy, and that we abandon the ideology of Marxism-Leninism and the leading role of the party in society.

I would like to cite an example from my personal findings based on discussions of the preparation of young people for blue-collar professions. In a rich and highly contradictory discussion on the work of vocational training centers, the predominating interest is that young people receive the best possible preparation for a profession. However, I am concerned with another matter. How can the approach to one's mission as a Communist—as teachers and foremen in the vocational training center at Jihlava, where young people are being trained for the profession of brick mason, carpenter, etc., be understood in this connection? The comrades rightfully point to a number of problems and difficulties connected with the training of many students, some of whom are not interested in apprenticeship or in working. And they are asking the central organs to solve the situation.

In a letter addressed to the school commission of the Central Committee of the party, they are asking whether it is even necessary to train students for 2 years for simple undemanding professions, for which short-term training courses are fully adequate? These problems were discussed at other party meetings as well. I was present. The discussion was quite animated. But even I did not convince all comrades that we must approach matters differently, that all children belong to us; that society and

particularly a socialist society, creates conditions so as to provide every young person with the best preparation for life. Naturally, in accordance with his prerequisites and capabilities.

The work with so-called problem youths and those who are said to be hard to educate and train, with people who have no interest in apprenticeship or in the particular skill, is truly difficult. However, the solution can never be for us to "get rid of these young people in cold blood" from the training center and cease to care for them altogether. After all, we are concerned with educating every person, both for work and also for life.

As coincidence would have it, I shortly thereafter visited the vocational training center in Prague 10 where young construction workers are also being trained. They do not have any better students than exist at Jihlava as far as success, conduct, etc., are concerned. Although the teaching collective headed by director Ludmila Novakova did also complain about the difficulty of the work, they are attempting to solve a few things on their own. The director of the training center says that the foundation for their work is to love young people and to really be devoted to them—something which many employees prove by the fact that they have been at the training center for more than 30 years under difficult circumstances. So, as can be seen, when two people do the same thing, it is not necessarily the same thing.

What must be decisive for party work in the educational system in fulfilling the conclusion of the 13th session is the creation, at each school, of an atmosphere of creative search for knowledge, fulfillment of the higher quality of the educational and training process in the interest of society and, primarily, in the interest of young people. And this truly calls only for concrete actions.

Michal Stefanak, Head of a CPCZ CC Department

The dynamic expansion of science, technology, and culture today forces all countries and nations to devote much more attention to the system of education and training if they do not wish to fall behind the stormy worldwide development. It is, therefore, understandable that they are making efforts to acquire even the best findings and experiences from the exhibition of communications systems of other countries and to utilize these in perfecting their own system. The time has come for Czechoslovak education to make more use of foreign experiences than before and to apply them creatively under our conditions. We are the country of the teacher of nations, Komensky; however, this does not mean that even we could not learn from others. The current international situation is creating favorable conditions for mutual enrichment in all areas of society.

We do not want to underestimate the positive trends in current world development. On the other hand, it would be a mistake to undervalue them and not use them. Science and education in the world have long since

outgrown national borders. History has repeatedly demonstrated that systems which resist the influx of fresh ideas are condemned to stagnation, to dying off. It is, thus, necessary to look at these questions from a slightly broader viewpoint.

We cannot say that too few of our people travel. What is important is how these trips are utilized. What is important is how we succeed in evaluating the acquired experiences and introducing them in practice. From 1986 through 1988, both our ministries of education, youth, and physical fitness sent an annual average of 31,412 people abroad. Of this number, 85.2 percent traveled to socialist countries, 13.6 percent to capitalist countries, and 1.1 percent per year traveled to developing countries. In this country, we welcomed an average 34,262 persons. Of this number, 74.3 percent were from socialist countries, 11.9 percent from capitalist countries, and 13.6 percent from developing countries. However, developments in the world are urgently compelling a reevaluation of the existing forms of collaboration and the inevitability of acquiring experiences not only in CEMA countries, but in advanced capitalist countries as well. And this imperative fully applies to the educational sector and to science, perhaps even more urgently in this area.

In recent times, in view of the more favorable international development, the number of offers from NATO countries to send our teachers, students, graduates, and scientific workers to various work sites, universities and schools has increased. I believe it would be nonsensical, or even damaging, to reject such initiatives. It would be a luxury to close ourselves off against the surrounding world. On the contrary, it is necessary to seek opportunities for developing contacts with initiative and efficiency even in these areas having mature capitalistic infrastructures, through new, nontraditional forms. Just like it is currently being practiced by the Soviet Union and by other socialist countries. Why, for example, could we not develop activity and utilize the favorable reverberations of the initiative put forward by the general secretary of the CPCZ CC to create a zone of confidence, collaboration, and good neighbor relationships on the basis of contact between countries of the Warsaw Pact and NATO even for expanding contacts with our Western neighbors in the area of education and science? Not only would we thus make an initiative contribution to the concrete fulfillment of the final act of the Vienna session of the Conference on Security and Cooperation in Europe, but we would also gain and profit for ourselves. It would, for example, be possible to utilize an exchange of professors to lecture at advanced schools. We have certain experience in this regard, even though it is primarily based on the expansion of existing relationships, mainly between advanced schools of the socialist countries. Let us not underestimate the collaboration between our advanced schools and 261 other advanced schools in socialist countries, 39 advanced schools in capitalist countries, and 22 advanced schools in developing countries. Even here, form frequently predominates over substance. It will be necessary to expand these

contacts and, not only in conjunction with foreign language lecturers, but also in other areas. However, another solution offers itself. Beginning with the school year 1987-88, we began the expanded admission of foreigners to study at their own expense. In the current school year, a total of 202 such students are studying in Czechoslovakia. And interest in this form of study is growing.

Study at one's own expense is already being widely practiced, for example, in the GDR, in Bulgaria, but also in Romania and, in recent times, even in Hungary and Poland.

Today, the dialogue between various forces and disciples of differing views is the means for turning away from confrontation and for the further warming of international relations. However, if we wish to conduct such a conversation at an appropriate level, we must prepare erudite, intelligent experts, politologists, who will thoroughly master not only the language, but will have the knowledge of history, culture of that nation, and also are familiar with the realities of the country with which we wish to carry on this dialogue.

The most suitable way to acquire this knowledge is a long-term sojourn during studies in those countries.

A no less important question is the problem of Czechoslovak aid in educating national cadres for developing countries and the question of cooperation and graduates of Czechoslovak advanced schools. Every year, around 450 students from developing countries graduate from our advanced schools. This year, their numbers are actually scheduled to grow. In many developing countries, the education of national cadres represents sometimes the only possible form of assistance which Czechoslovakia can provide. The fundamental goal is to facilitate the overcoming of inherited economic and social backwardness and to prepare them for the struggle for political, but also economic independence and self-sufficiency. Simultaneously, this results in the creation of suitable prerequisites for the further deepening of mutually advantageous cooperation between Czechoslovakia and these countries.

Collaboration with graduates of our advanced schools is, clearly, the least worked-out component of the system of training foreigners in Czechoslovakia. Since 1960, some 15,000 foreigners have completed their studies in Czechoslovakia. Many of them write their teachers, ask advice, or request the most varied materials. The graduates frequently visit our diplomatic offices abroad, they show interest in events and overall life in Czechoslovakia. They evidence interest in further education, in the publication of new specialized and scientific literature. Many of these graduates are holding important functions in their countries and have the opportunity to influence the further development of political, economic, and cultural contacts with our republic in a more express

manner, they can support our interests in foreign markets. Maintaining contact with graduates of our schools is undoubtedly to our advantage.

Improving collaboration with graduates of our schools from developing nations represents a demanding area of activity. However, it also requires a corresponding amount of cadre and material support. It is clear that even this exceeds the framework of the educational system. In addition to both national ministries, this collaboration must be chaired by other organizations, primarily by the Ministry of Foreign Affairs and the Ministry of Foreign Trade. The Czechoslovak Society for International Contacts, as well as the Ministry of Culture, the Ministry of Health, as well as many other entities must become involved.

I would like to touch upon one more problem. This is the mutual recognition of the equivalents of documents attesting to graduation from middle schools and, particularly, advanced schools and the granting of scientific titles and honors. Thus far, we have concluded seven agreements between states. This is more than insufficient. In view of the slow pace of concluding international agreements involving the recognition of documents attesting to graduation from advanced schools, the following possibility offers itself: we can conclude direct agreements between Czechoslovak schools and universities and appropriate universities and advanced schools abroad. This practice is utilized by some socialist countries, but also by nonsocialist countries as well. Unfortunately, it is our own legal institutions that view this question negatively. These are just some proposals to connect our educational system, primarily the advanced schools, to current world developments. Their solution will contribute to increasing the authority of our school system throughout the world and will surely represent an important share in implementing the final act of the Vienna conference.

Jan Zelenka, Director, Czechoslovak Television

From the overall concept of the directions and from the criticism resulting from the frequent reevaluation of these directions in our educational system, it is clear that our country, which boasts of Komensky and invokes his teachings on the occasion of each Day of Teachers, does not always take good care of its teaching profession. We have fashioned the teacher into a cross between a lecturer, a baby sitter, and a lightning rod between the children, the parents, and the school administration of national committees.

School is mandatory, says the television serial which we have again included in our programming prior to this CPCZ plenum. I subscribe to that concept. My youngest daughter is attending seventh grade and I, thus, have collected a whole lot of information on basic schools. It must be said that her school used to belong among the best; the director cares about its experimental character. However, over the last 3 years even this school is

dependent on retirees who, after earning the permitted amount of money, leave the school, say, in March and instruction is again handled by substitutes. The school is dependent on unapproved teachers and was even forced to accept graduates of middle schools for purposes of instruction. Can you imagine how rapid is the deterioration of its standards, accompanied, understandably, by a rapid decline in student discipline? Recently, the school received a new classroom teacher. The first thing we were checking on was whether or not she was pregnant because the previous three classroom teachers left very soon on maternity leave.

I very much doubt whether civics instruction in basic schools is fulfilling its noble goal. I carefully looked through the seventh grade text for 12- and 13-year-old children. The teacher would have to be an extremely sensitive pedagogue to stimulate the interest of children, to grasp the meaning of their true age, and not to avoid making a farce of some concepts. A question in this text—why is work a source of all social values?—is hard to define for 12-year-old children.

The ministry should take another look at the civics instruction plan for basic schools which was approved in 1981; we should make an effort to teach children in plain and understandable language the relationship toward basic values of society, such as industriousness, love of country, respect for the mother tongue, the concept of socialist society as a highly just society. In short, something like our socialist 10 commandments; after all, this is the foundation for all further perception, and that should be thought through more painstakingly than anything else. Let us truthfully admit to ourselves how effective was the Catholic Church in compiling its catechism in simple language, from the purely emotional and psychological standpoint. And our civics instruction need not range in the area of pure faith.

My second remark is aimed at artistic education. We are, understandably, weighed down by other problems, but we must not neglect art education. I regret that art education, under the influence of various unsuitable personnel changes, is characterized today by a considerable amount of mediocrity. Prague used to be called the conservatory of Europe. And it kept that reputation for a long time. We are still basking in its glory. We have outstanding musical interpreters among the older musicians and in the middle generation; talents are also showing up among young people, but, more frequently than not, there is mediocrity here. Let us consider the situation in the education of musician cadres. Look at what kind of people are attempting in every possible way to become docents, professors, and even rectors. What kind of artistic and humanitarian potential do they have? And in the Federal Assembly, we voted a law—which is also my self-criticism because I raised my hand to approve it—a law that prevents such an outstanding interpreter as, for example, national artist Josef Suk, from becoming a professor at the Academy of Musical Arts. Professorship was offered to him by the leading

schools in Australia, in Europe, and overseas, but he would like to teach here, where his grandfather, Josef Suk, had taught. Outstanding cellist Větomov cannot become a professor and neither, for mysterious reasons, can Antonín Kohout, the outstanding cellist of the Smetana Quartet which has carried the glory of Czech music from Japan throughout Europe into America. And so that I do not limit myself to music: the same goes for our foremost film director, national artist Jirí Sequens, and the world-renowned mime, national artist Ladislav Fialka, neither of whom can become professors.

I believe that mediocrity at artistic schools can be halted only if the greatest masters of our culture can function in them.

The third remark concerns school programming on television. In collaboration with the Ministry of Education, we do not have bad training programs; on the contrary, they are quite good. We show programs in chemistry or physics with the aid of animation in such a clear manner that it could not be emulated by the best-equipped classroom in an okres school. However, where does the fault and the obsolescence lie? During the time the chemistry program is on the air, barely a few percent of the schools can adapt their schedule so that the class can view the program. And that is a pity. We should quickly resort to modern instruction, we should transmit school programs in batches, say in the morning or at noon, we should equip schools on an accelerated basis with video recorders, we should shoot the programs in the auditorium and then transmit them according to the schedule in the appropriate classroom. Today, the use of video recorders in schools is expanding, parent-teacher associations have permission to buy them. This is a way to accelerate the modernization of instruction and to help teachers in this regard.

In conclusion, I would like to return to the introductory remarks of Comrade Jakes. I would like to express my conviction that these were views expressed at the right moment. I attend many meetings, including meetings in my election district. And I know that party organizations and the public were absolutely waiting for them and that it would not do to leave any room for doubt, for conjecture, for vacillation, and for the growing attacks from various extreme positions. Restructuring—first of all the restructuring which we embarked upon since the 17th congress, and very definitely since the 7th plenum—is irrevocable and there can be no debate regarding a deviation from it. And, second—the way of this restructuring will be our way, stemming from the experiences of our party, from the historical experiences of our people and from the economic possibilities and international relations of our country. At one time, wags excitedly criticized us for only copying things in the 1st half of the 1950's. However, today, from various positions, some are again urging us to copy. Therefore, I fully support the words of the General Secretary because they take into account the Czechoslovak situation, they take into account the experiences of the Communist Party of Czechoslovakia.

Bitov Interviewed on Economic Reforms
24000144 Prague SVET V OBRAZECH in Czech
5-11 May 89 pp 3-9

[Interview with Oleg Bitov, editor in chief of LITERATURNAYA GAZETA, by Josef Ondrouch: "Economic Reform Is Not Possible Without Democratization"; date and place not given; first paragraph is SVET V OBRAZECH introduction]

[Text] It is not necessary to introduce Oleg Bitov. We just would like to recall that this is the same Soviet news reporter who, 5 years ago, made worldwide media headlines. The first time after a disappearance of several months which occurred during his official trip to the film festival at Venice, after which he showed up in Great Britain as an emigre who "had been granted political asylum," and the second time a year later, when he turned up in Moscow to report about the reasons for his extended stay abroad and the "care" given him by the agents of the British intelligence services who had kidnapped him from Italy. Oleg's book concerning this closed chapter of his life is about to be published in Moscow. Oleg Bitov made his first official visit to Prague since the Venice episode, following the Soviet March elections. It is, therefore, not surprising that our questions primarily concerned elections.

[SVET V OBRAZECH] Until recently, claims have been made that our elections, in which a candidate usually receives 99.9 percent of the participating votes, are the culmination of democracy. The recent USSR elections have differed substantially from this image and had the aspects of what our propaganda has become accustomed to characterize as an election farce. What is your comment?

[Bitov] There were four candidates in my Moscow territorial district. Our current parliament is being formed on the basis of the one-third representation principle. One-third consists of representatives of social organizations, the second one-third represents the general population—one representative for each 300,000 citizens—and the third consists of representatives of national republics, national autonomous regions and districts. After elections, each of these categories will consist of 850 representatives.

[SVET V OBRAZECH] How did the preparations go?

[Bitov] Well, for example, the right to propose candidates in social organizations has been harshly contested. Of the 20 candidates at the USSR Academy of Sciences only 8 have been confirmed. Twelve others will have to wait for confirmation in supplemental elections. I participated in the elections like any other citizen. I am 57 years old and have never experienced anything like it.

Already the preelection campaign has been different from anything that preceded it. People with posters appeared in the streets as live mobile advertising for

certain candidates and certain political beliefs. All bus stations, metro passages, and every bulletin board, were filled with various types of preelection posters.

[SVET V OBRAZECH] Did the security maintain order? How did they handle unauthorized assemblies?

[Bitov] They were very relaxed and tolerant. Only in cases where force had been used in the heated exchange of "arguments" by the partisans of the various candidates, did they enforce the order. There were spontaneous gatherings in Moscow in support of the Boris Yeltsin candidacy. During these meetings, the police maintained order but did not step in nor did they try to influence the campaign. You know the results of those elections. Yeltsin received almost 90 percent of the vote.

[SVET V OBRAZECH] What would be your response to voices asserting that your elections were a farce, or even an example of a threat to socialism in the USSR?

[Bitov] The overwhelming majority of voters used their election rights with great interest and, for the first time, voted in full seriousness. There is no way it could be called a farce. I also do not understand how could anyone see a threat to socialism in the exercise of a democratic right—and that's what it was all about. I have not observed any threats to socialism.

[SVET V OBRAZECH] Some people point to the unauthorized preelection assemblies, such as you mentioned in the case of Comrade Yeltsin. The critics claim that this was anarchy; the low participation in some of the districts also speaks against the holding of elections. What is your opinion? How did the CPSU and its candidates come out of the elections?

[Bitov] I have been a party member for 25 years now. Yes, I am aware that in a number of cases, the party candidates were not elected. But on the other hand, many of them were elected quite unanimously. After all, it was not just Yeltsin who came out ahead. In one of the Moscow election districts, Telman Glyan achieved a similarly convincing result in a field of five candidates. He is a known investigator whom the people consider to be the epitome of honesty and fight against corruption. He also was elected by an 87 percent majority. He is a Moscow Armenian whom I have seen on the Moscow preelection television program together with the other candidates. The candidates were responding directly to the questions of the television audiences—voters. The fighting was intense, because the number of candidates in Moscow varied from 2 to 12.

[SVET V OBRAZECH] What was the reason for the success of the investigator you just mentioned?

[Bitov] From the five candidates, the people have selected the one who represented a clear position, was able to explain understandably what he is fighting for, how he would implement his program if elected, and what will he discuss at the parliamentary meetings.

[SVET V OBRAZECH] You have in mind the Congress of People's Representatives?

[Bitov] Yes, but even in the official terminology the expression "parliament" has taken hold. Its meetings will have an entirely new character. The representatives will not assemble only to take a formal vote, they will remain in session for 2 to 3 months and the questions will be considered in all seriousness, not just superficially as used to be the case.

[SVET V OBRAZECH] What, then, do you consider to have been the result of these elections?

[Bitov] First of all, they give us an idea about the social consciousness, the people's opinion. They have also answered the question of who it is that is satisfying the voters' will, their internal needs, and in what way. We do not think that the elections which have just taken place were ideally organized. Much of the old still remained. In more than 400 districts, only one candidate was proposed as it had been done in earlier days. It seemed simpler to them. Yet complications arose often under those very circumstances. There were a number of cases where the single candidate did not get enough votes and was not elected because the balloting secrecy was strictly enforced.

[SVET V OBRAZECH] Could you give us some examples?

[Bitov] I came to Czechoslovakia immediately after the elections, so I will only cite two cases. The first secretary of the Leningrad CPSU city committee was not elected and neither was the Moscow mayor. Neither of them has received a majority of a vote.

[SVET V OBRAZECH] What were the election results in your district?

[Bitov] There were four candidates. Not one of them received a majority. Two with the greatest number of votes will advance into the supplementary elections. If neither of them receives a majority, the elections will have to be repeated once more.

[SVET V OBRAZECH] You mentioned earlier Boris Yeltsin, could you comment briefly on his election.

[Bitov] What can one say about his fantastic success? I do not think that he was elected only because of his personal virtues. Rather he succeeded on the basis of shortcomings in everything he was against. I myself have not seen him presenting any great positive programs.

The reason for my cautious remarks are the shortcomings and mistakes he made as the first secretary of the Moscow CPSU city committee. He wanted to implement good and democratic solutions by using old methods of authoritarianism and command. But he was not able to achieve anything significant by using old methods, even if he did work 16 hours a day. He set up good goals but did not find a good approach for their implementation. I am not a prophet and I do not know what course Yeltsin's future activity will take. But as far as the campaign which the current city committee officials have attempted to develop against him, it backfired primarily because they tried to use undemocratic methods, they tried to influence the elections by command and authoritarianism. In democratic elections, they cannot hope to succeed with such methods. In my opinion, Yeltsin would have won anyway but his opponents, using improper dated methods have handed him a large majority. It is a lesson for the future.

[SVET V OBRAZECH] In my opinion, our discussion with the Moscow NOVOSTI editor in chief, Yegor Yakovlev, published in SVET V OBRAZECH No 14, has succeeded in providing a real-life characteristic of Boris Yeltsin, independently of the elections.

[Bitov] I trust his characterization. With all of the accompanying problems, the election system which we have selected appears to me to be a good one. Even more intense battles, even more democratic methods, will probably take place during the elections to local Soviets in 6 months. In view of experiences gained by people in these elections, I would like to say that they have arisen to an irreversible type of activity, that they have learned to use their inalienable right.

[SVET V OBRAZECH] What do you consider to be of greatest significance?

[Bitov] It is the recognition that the forthcoming economic reforms and overcoming of our backwardness are not possible without a political awakening. Economic success is dependent on political unlimbering which finds expression in man's liberation. Normal economic conditions are not possible without democratization.

[SVET V OBRAZECH] Could it be said that the restructuring in the USSR has become a matter of concern to broader masses?

[Bitov] I have seen with my own eyes how a 3-member family has been arguing right up to the elections about whom should they vote for. The couple and their mother have not been arguing about what to buy or cook but which candidate would deserve their trust. It is an absolutely new and a very happy phenomenon, this appearance of a direct personal interest among the population. It came about because we became convinced that economic reforms without political awakening are not possible, that people must get to know themselves and then they will find a new relation to work.

[SVET V OBRAZECH] Do you think that the desired broad awakening has taken place?

[Bitov] Moscow is not the entire country. I know from relatives and colleagues living in distant corners of the USSR that in many places the situation looks different.

[SVET V OBRAZECH] What was the participation?

[Bitov] More than 85 percent of eligible voters went to the polls. Yet no one has been forced to participate, it was categorically forbidden to force somebody to vote. In some areas only 60 to 70 percent took part in the elections but, compared to the world standards, it is quite normal; we do not see anything terrible about it. The elections took place modestly, without any flags. On the eve of the elections, all preelection advertising was removed. On the election day nobody was able to try to influence the vote.

[SVET V OBRAZECH] Your words give me the impression that everything was in order in your country. But you did mention that in some areas only 60 percent of voters participated. Is it possible to say something about those who did not vote?

[Bitov] Numbers of youths, for example in Moscow, did not vote. On the other hand, the same was true about members of the older generations who had not understood the changes occurring in our country. Indeed, the changes sometimes occur quite rapidly. To be honest, if somebody had told me 3 years ago what it would look like today, I would not have believed it. Participation depended to a large degree on whether or not there was an alternate candidate.

[SVET V OBRAZECH] Have there been any demands for more parties during the preelection campaign?

[Bitov] Just immediately prior to the elections, some of the candidates presented themselves as followers of a new party, the Democratic Union Party. I do not see any threats presented by the movement toward more parties. All in all, the results of our free elections show that 90 percent of the elected representatives are members of the CPSU. I find it especially significant that the majority of them have been recommended from below, and among them are young people with great authority, the majority of whom also belong to the party. Here we are talking about restructuring which has been initiated by the party and in the elections the people supported it.

[SVET V OBRAZECH] Could you tell us why so many young people did not participate in the elections?

[Bitov] That will be subject of future analyses. I can only give you my impressions. I feel that this is the result of emphasizing the period of stagnation. Older generations remember many different things, but among them are a number of positive occurrences. However, the young

ones have not known anything but stagnation. In my opinion, the existence of dual morality which existed under Brezhnev affected them very strongly. It led to alienation and negativism.

[SVET V OBRAZECH] Do you see a way to overcome this condition?

[Bitov] The restructuring presents solutions but to achieve them will require time and patience.

[SVET V OBRAZECH] For whom did you yourself vote? Why, what were your reasons?

[Bitov] From the four candidates, two were of interest. I chose the older one. He received fewer votes than his younger opponent who gained popularity on the basis of his sharp criticism of the shortcomings but without any positive program of his own. My candidate presented a program of a consistent environmental protection. The results will be decided in the second round of elections. In other places, the situation was frequently more complicated. I know a district which had 12 candidates out of whom certainly 5 were qualified. There, too, the decision will be made in repeated elections. My position was based on the seriousness of the proposed program. And whom I vote for has become a matter of my personal conscience on which I decided without any external pressures.

[SVET V OBRAZECH] Much has been heard recently about the new way of thinking. It seems to me that "a new way of thinking" is a strange concept; people of character should stay with the thinking they have had hitherto. To switch your way of thinking could smell of careerism.

[Bitov] In my view, you are confusing two things. To speak about a new way of political thinking and to change your personal convictions are surely two different things. If a person was praising someone who was paying him and now he is ready to do the same, then that is not a change in the politics of new thinking, that is careerism. For an individual, the decisive factor is the hope that his activity will lead to results. And it was 3 years ago that the majority of people saw a realistic hope that they might see a completely changed country still within their lifetime. Before that, absence of personal convictions and no plan for life of their own, were leading to conformism, disinterestedness, and indifference. The new political way of thinking means to give priority to human values ahead of the ideology of confrontation. The new politics, of course, are primarily reflected in international relations, in ecology, in subjects we view as of global interest, which are affecting us more and more and to which issues our youth is especially sensitive. Inasmuch as someone claims that he used to believe in the old way of thinking and now he changed it and is in favor of restructuring, then he is naively begging off the real questions. I am strictly opposed to branding everybody who had worked during

the Brezhnev era as being the advocate of the old way of thinking. Then only those who, because of their age, were not affected by the past, would have the right to take up restructuring. But restructuring has come to life within the old society. Gorbachev is an individual of my generation who has the main burden of carrying out the restructuring. The success of the changes depends on involving the younger shift. I was born in 1932 and I remember the period from 1937 to 1939, I remember well the war and the postwar Stalinist period when I was becoming active. I started the university during the Stalin period and ended in the time of Khrushchev. Such are the life experiences of my generation. You must understand that humanity on the whole has never consisted of only spiritual giants. In most cases we are talking about weak, relatively indifferent people, more interested in their personal happiness. They are judging the common happiness mainly from the aspect of immediate interests. Can we condemn people for that? Not in my opinion. Nor can we reject the past. We have to accept it as a period in which the future was ripening.

Even people who have become the symbols of human purity were basically conformists in their beginnings; you will discover that even they were making concessions to the existing social rules. But within that society, the new thinking was being born and it was those persons who were able to develop new revolutionary ideas. The scars on the soul of my generation remind us that we cannot return and repeat the past. We know very well where the negative developments can lead and, thanks to the shocks we have received in the past, we will not permit their repetition in the future. What is happening here may seem much too daring to some, but in no way is it a retreat from socialism.

[SVET V OBRAZECH] Why did you come to Czechoslovakia?

[Bitov] To prepare an article about Czechoslovakia. I would like to describe, as broadly and as objectively as possible, who likes or dislikes what about our country.

[SVET V OBRAZECH] Will it also concern certain people in the CSSR who are worried about the threat to socialism inside the USSR?

[Bitov] An individual may fear anything that is changing. Any derailment from the ruts can terrify a person who has become used to it. It is necessary to make an effort in order to make changes and not everybody is capable of it. I think that there is not just one road to socialism, but that there are many, both parallel and dissimilar roads. It seems to me that many people have become used to implementing everything that Moscow has suggested. The situation today is quite different. Everybody searches for his own approach and it benefits us all. After all, the greatest damage was caused during the period when all of us have attempted to do everything the same way. And to speak of danger to socialism in our country? What I like best about our leadership is that they are

willing to talk about the errors, that they are aware that the current solutions are not the peak of perfection, and that it is not only natural but necessary to search for something better. During the last 3 years, we can observe an unexpectedly large number of alternative solutions. The understanding that only forward movement can bring about better results that is not endangering socialism. On the contrary, clinging to past achievements means only that our backwardness will get worse. It is better to move temporarily in the wrong direction than to sit in place. That's the new quality which I find so attractive in my country.

[SVET V OBRAZECH] I agree, but where is the certainty, what ensures the correct direction?

[Bitov] I understand the social development as a dynamic process. It is necessary to search and try things out, and not to cling to what has been shown to be wrong. After all, we cannot be satisfied that our country, one of the richest in natural resources, is in the 50th place in the world in living standards. Earlier we kept silent about it, we kept it secret, but today we are speaking openly because we want to achieve significant changes toward the better.

[SVET V OBRAZECH] Are there untouchable spots in the USSR? Is it possible to criticize the leading personalities?

[Bitov] I assume that you read our newspapers. In the IZVESTIYA I saw letters to the editor which express doubts about certain standpoints of Mikhail Gorbachev. Our weekly has been leading a polemic with Gorbachev's statements from 1987, concerning the events in 1939, with alternating success. Opponents of our views have been forced to admit the truth of certain of our points. Nothing happened to anybody for this criticism of Gorbachev's position. Mikhail Gorbachev has frequently called for disagreements with himself. When he was asked how is it possible that 12 votes were cast against him in the CC CPSU in judging the election candidacy, he responded that he was surprised that they were so few. Questioned why most of the votes went against Ligachev and Yakovlev, he responded that people are gaining the courage to vote the way they think is best.

[SVET V OBRAZECH] Concerning some of the economic measures, which are claimed to be in violation of the socialist production relations, for example, rent, which many of the critics of change are branding as a return to private ownership.

[Bitov] That is nonsense. The soil remains in national ownership and the rent is just one of the more effective forms of introducing efficiency. We are not dismantling kolkhozes but searching for ways to improve their management. In life, and particularly in politics, we have to

unlearn the idea that we have already achieved some sort of an ideal situation and that there is no place else to go. That would be the road to isolation and the beginning of the end.

[SVET V OBRAZECH] How would you characterize what has been achieved in restructuring in your country?

[Bitov] The most important thing is that people have stopped to be afraid and look over their shoulder. They recognized the right to their own opinion. And I am telling you now what I think as a member of the party which I have joined over a quarter of a century ago. It is a bad party which is afraid of competition. The concept of social alternatives does not contradict the idea of socialism in any way. When I say alternative, I do not only mean the criticism of shortcomings. The alternative should consist of a program and, in the social sense of the word, only the CPSU has one. It has initiative and support for the very reason that it is implementing restructuring. To defend the monopoly of power as a principle, and to fear competition cannot be done. Clinging to monopoly must necessarily lead to stagnation. For that reason I find the search for different roads to development in politics as well as in the economy not only useful but highly desirable. Progress assumes heterogeneity of development and the selection of the better alternative. Only by following this concept can we achieve permanent positive results.

POLAND

Rehabilitation of 1944-55 Victims: Current, Past Efforts

26000521 Warsaw PRZEGLAD TYGODNIOWY
in Polish No 20, 14 May 89 pp 1, 6

[Article by Marek Sarjusz-Wolski: "We Did Everything...." surtitled "Applicants for Rehabilitation Are Queuing Up" and subtitled "A Court That Pronounces a Disgraceful Verdict Disgraces Only Itself, Not the Accused"]

[Text] As stated during a conference at the Ideology Department under the PZPR Central Committee, the public feeling is that the authorities want to conceal certain historical facts, and therefore, to counteract this, "escaping forward" is needed. A way of such "escaping" was the formation on 28 December 1988, in response to an explicit suggestion of the PZPR Central Committee, of a taskforce for the rehabilitation of persons unjustly sentenced during the 1944-55 period.

Prof Adam Lopatka, Chief Justice of the Supreme Court, opened the first meeting of that taskforce on declaring, "It is believed that in those years the methods for counteracting the political opposition, underground activities, and other deeds aimed against people's rule were not always correct. In connection with the changes

going on at present, and also in connection with the anniversaries being commemorated, certain perceptions are changing and, as one result, citizens are submitting requests for rehabilitation."

That was the reason for conceiving the idea of a taskforce consisting of persons with the right of judicial review. Thus, the members of that taskforce include the citizens' rights spokesperson, the minister of justice, the prosecutor general, the military chief prosecutor, the chief justice of the Supreme Court, and the Supreme Court justice in charge of the Court's Division for the Military.

Being an informal body, the taskforce set itself the task of monitoring and coordinating the activities of the agencies which shall anyway exercise their duties on their own, except that the taskforce handles the cases frontally so that, once a case is resolved, it is closed.

That is certainly a matter of attaining as soon as possible that feeling of psychological wellbeing which would warrant claiming honestly, "We did everything." Only an inattentive observer might think that this is a simple and clear task. It was decided to complete the preliminary stage of this project within the next 9 months. Of course, this is not tantamount to wanting to preclude anyone from the possibility of rehabilitation in the future. The point rather is the desire to resolve the problem as a whole.

When after a month's work the Taskforce met to discuss the first effects of that work, it turned out that identifying the individuals who could be rehabilitated is a major problem. At the Procurature General various approaches were tried (including talks with writers and historians familiar with the cases and studies of the stenographic records of the trials of Romkowski, Rozanski, and Fejgin), but even so, after a month, only five or six cases could be identified. Archives were meticulously combed, with weeks often being spent on this Sisyphean labor, on scanning improperly maintained dossiers which for the most part lacked any postsentencing information. It was only after painstaking scrutiny of dossiers that it turned out that [in most cases] a sentenced person had already been rehabilitated in the second half of the 1950's and nothing more could be done for him.

One exception was the case of General Fieldorf [1895-1953, Home Army]. What happened was that, as a result of a previous judicial review, the Supreme Court transmitted that case for further investigation to the Procurature General, which then quashed it. It was found thereby that Emil August Fieldorf was guilty, but there was insufficient evidence for sentencing him. Several months ago the Prosecutor General reconsidered the case and resolved to alter the decision to quash the investigation, on the grounds of nonperpetration of the crime. De facto, thus it is only now that a person executed under the majesty of the law has become, in the light of that law, totally cleared of the charges against him.

Thus, not many candidates for rehabilitation proceedings could be found. Professor Letowska [the Citizens' Rights Spokesperson] reported that she has seven such cases but is unsure whether they all are suitable. The minister of justice reported on the case of Kazimierz Puzak [1883-1950, Polish socialist] and his associates; the Supreme Court, on the case of Adam Doboszynski [1909-49, a rightist political activist]; and the Court's Division for Military Affairs, on the case of Lt Col Jasinski.

Thus this raised a question which had not initially been considered: why are there so few candidates for rehabilitation? The Office of the Chief Military Prosecutor concluded that the reason is because the process of rehabilitating the victims of the Stalinist system had begun as early as in the second half of 1953, that is, at a time when that system was in its apogee.

In the February 1957 issue of *NOWE DROGI* J. Bednarszak stated that during the years 1954-55 the Supreme Military Court performed judicial reviews of 4,823 sentences. In 540 cases it waived the sentences and quashed the proceedings and in 360 it mitigated the penalties. Other sources report that in 1955 780 persons sentenced by military courts were rehabilitated and next year, 804. During the years 1957-60 about 1,000 cases of compensation were considered. But there exist no sources serving to determine the exact number of all the persons rehabilitated during the 1954-62 period, that is, during a time when the number of cases of this kind had reached its peak. Besides, we do not know how many sentences were pronounced and how many persons resorted to suicide during their investigation, died of exhaustion, or simply were maltreated to the point of dying.

In subsequent years the number of rehabilitations declined, this being the principal argument of supporters of the theory that only a few individuals remain to be rehabilitated at present. They point out that the rehabilitation drive has encountered no legal or actual restrictions and reached a scale unmatched in any other country of our bloc. If at that time any unjustly sentenced persons had not been rehabilitated, this could have happened only owing to activities other than political, and it was this assessment that had accounted for the decisions of the procurature and the courts.

While it is possible to concur with the claim that in the last 30 years no legal restrictions were imposed on the rehabilitations, the question of the actual obstacles remains debatable. Thus, during the first stage of the mass rehabilitations, the judicial reviews were performed ex officio by the competent agencies. In the early 1960's the number of these reviews decreased until finally it reached zero. The lawyers who took part in these proceedings are unanimous in linking the change in the attitude toward rehabilitations to the view propagated by Gomulka that it was high time to stop remembering ancient injustices. Such words from the mouth of a man who had himself reason to feel wronged but who

made no effort to obtain judicial rehabilitation for himself, might sound lofty—on condition that the point was indeed rectifying injustices rather than salvaging principles. And the principles could indeed be threatened as for example when it came to light that the reason for Kazimierz Puzak's death in the Rawicz prison was not because he had wanted to overthrow the system by force.

Presumably no trace can be found anywhere of any directive discontinuing the rehabilitation of all unjustly condemned persons. The reason is rather attributable to the inertia of the bureaucracy, which is extremely sensitive to changes in climate. Marek Rymuszko, a columnist for *PRAWO I ZYCIE*, links the ending of the rehabilitations to the resignation of Professor Andrzej Burda from the post of Prosecutor General owing to his supposed conflict with Gomulka. This is a likely assumption, but one difficult to prove. Public opinion has never been informed of the reasons why prosecutors general resign, and why are they replaced with particular individuals. It is a fact, however, that in the 1960's that post was held by Kazimierz Kosztirko, the same Kosztirko who had during the "period of mistakes and deformations" been the chief of Department VI of the Procurature General, charged with supervising the investigations conducted by the Security Police. In 1957 within the Procurature General there operated a commission appointed to identify the persons responsible for miscarriages of justice. On the list prepared by that commission Kazimierz Kosztirko ranked fourth. If a man like him had subsequently become the prosecutor general, this can in no way be considered accidental. That is why it is difficult to accept the idea that during that period rehabilitation proceedings met with no obstacles.

Few persons were rehabilitated, and only upon individual appeals. An interesting if isolated instance in this respect was the case of Alfred Jaroszewicz and Wlodzimierz Lechowicz who were rehabilitated and awarded damages in 1957. Yet, no one at the procurature general did anything to rehabilitate Jaroszewicz's wife, Emilia, who had been sentenced to imprisonment for 5 years. Her case can in no way be considered separately from that of her husband. She made herself known only in 1974 when she was applying for a retirement pension and requested her years in jail to be credited to that pension.

The first rehabilitation based on an ex officio judicial review was the case of Kazimierz Krauze, an officer of the Home Army from Vilno, who had been sentenced in 1952 to 10 years in prison. That was in 1988 and the person proposing the review was Professor Ewa Letowska, the citizens' rights spokesperson.

Later, the aforementioned Taskforce was formed with the object of clarifying any doubts so that this chapter could be regarded as closed and would be no longer reopened in courtrooms.

It was easy to decide when a judicial review was warranted. To wit, whenever symptoms of Stalinism are identified, that is, violations of the principles of legality, such as the use of unpermitted methods in investigative proceedings, resorting to a court trial with the object of resolving ideological and political disputes, organizing a show trial or basing it on fabricated evidence, and violating the rights of the accused.

The first doubt that arose concerned the thousands of persons sentenced for "szeptanka" [whispered rumor mongering], violations of labor discipline, failure to perform compulsory deliveries of farm products, impeding collectivization, and other similar cases particularized in Chapters I and II of the Decree of 13 June 1946 on Crimes That Are Particularly Dangerous During the Reconstruction Period.

These sentences were pronounced through administrative proceedings by the so-called Special Commission for Combatting Economic Abuses. It had the right to sentence the accused to a maximum of 2 years in a work camp. That was lawlessness, but the injustice it entailed could not be compared with an unjustly imposed death penalty. Should then such cases be reconsidered, individually at that? This is unfeasible; there is no central registry of such cases, and the dossiers were destroyed.

I beg to inform that the archives of the Supreme Court lack dossiers on penal cases considered during the years 1949-55. As ensues from the surviving lists, these dossiers were destroyed during the years 1965-66.

Dossiers on that period survived somewhat longer at the former Supreme Military Court. Pursuant to Order No 8 of 5 April 1973 of the Presiding Justice of the Supreme Court's Military Division, dossiers on penal cases ending in sentencing or acquittal are subject to discarding 25 years after the sentence is served or after conditional acquittal. Only the dossiers on cases of special historical, scholarly, or political importance have been preserved, and nowadays they are stored at either the Central Military Archives or the Ministry of Internal Affairs. It was explained in this connection that the destruction of court dossiers is a normal procedure and therefore this cannot be a question of deliberate destruction of compromising material.

"But can we be certain that the dossiers on serious cases requiring a scrutiny have been preserved?" someone asked at the first meeting of the Taskforce.

Fortunately, yes, even though they are dispersed among various archives so that they are difficult to access. However, their scarcity has not so far been an obstacle to reconsidering even one case. Most were originally considered by regional military courts, and the pertinent dossiers were returned to them following review by the Supreme Court. When the regional military courts were

closed, their archives were transferred to the voivodship-level common courts of law and there they were preserved, though they could have been destroyed. Is this owed to the foresight of certain anonymous individuals who had the power to decide on the fate of these dossiers?

Since, however, consideration of individual cases cannot apply to persons sentenced by special commissions, and neither can it do justice to persons whom no one by now represents or in whose case no one can ex officio trace the lawless acts against them, perhaps a legal act conferring rehabilitation en masse could be considered?

"This won't work, because in those times there also was real espionage," Prof Ewa Letowska objected. "Instead, a general political rather than legal act condemning old practices might be conceivable."

But neither the Taskforce nor any of its members has the power to promulgate any such act. This might eventually be done by the Parliament. On the other hand, such an act would be neither an amnesty nor a rescindment; it would not alter court sentences.

The position taken by the Ministry of Internal Affairs at the request of the Taskforce is that all these cases were in general forgotten and forgiven on the basis of the Amnesty of 27 June 1956. But is forgiveness tantamount to rehabilitation? After all, forgiveness is nothing other than remission of penalty. Such a definition has nothing in common with the question of guilt and innocence. This problem arose in a somewhat different dimension with respect to the case of Gen Fieldorf. It also is worth noting that anyone who wanted to be forgiven and forgotten on the basis of the Act of 27 June 1956 had to submit a polite personal request for this purpose.

The question of a general act was raised by members of the Public Committee for the Rights of Man in Poland, in a memorial addressed to the chairman of the Council of State. The chairman of that committee, Professor Kazimierz Buchala, expressed, during a talk with Prof Adam Lopatka in early February, his gratification over the formation of the Taskforce, on maintaining at the same time that some overall judgment had to be pronounced on the acts of lawlessness perpetrated in the 1950's. The best way would be in the form of a special resolution by the Parliament and a report elucidating thoroughly and in full the complex whole of the acts of lawlessness and subjecting them to the judgment of public opinion.

Thus, the question of a general act remains open, but if the Parliament intends to consider such a project in the future, the deputies will have to find for themselves the answers to several difficult questions ensuing from diametrically opposite points of view. Is it possible to legislate the criteria for rehabilitation, such as have been developed on a working basis by the Taskforce? So far as the 1950's are concerned, finding a common ground

does not appear to create major problems. But such problems arise quite certainly as regards evaluating the second half of the 1940's. The answer to the question of the time boundary between justified repressions and deserved penalties for armed struggle [by anticommunist Home Army partisans], on the one hand, and lawless actions by functionaries and judicial verdicts that conflict with the principles of legality, on the other, may cause a fundamental controversy.

The Chief Military Procurature presented for discussion a case which may well exemplify the problem. This concerns Captain Szczepanski, an agent [of the Polish government in London] who was parachuted into Poland in the summer of 1944 and several months later arrested and, together with 11 other persons, sentenced in Lublin for preparing the assassination of the Chairman of the PKWN [Polish Committee for National Liberation] Osobka-Morawski.

Without discussing the merit of this particular case, it must be stated that Captain Szczepanski was a Polish officer obeying the order of a high command subordinate to a Polish government recognized by the anti-Hitler coalition. In such situations it would be very difficult to fall back on the letter of the law without considering the political aspect of the case. In a case of this kind is moral satisfaction nowadays a question of law, politics, or history? Is a court verdict on this question needed at all by a man who had subjectively believed he was fighting for a right cause and who lost that fight?

And what about [the Poles] sentenced by Soviet courts? Kazimierz Puzak, who was rehabilitated several weeks ago by a verdict of the Supreme Court in the name of the Polish People's Republic, had been sentenced by a Moscow court during the Trial of the Sixteen, and no one has yet cleared him of the accusations then made against him. And in that case also, what about General Okulicki [Leopold, 1898-1946, commander in chief of the Home Army]?

Last, how far back should any eventual such general act apply? To the year 1933, when history records the first victims of Stalinist regime among Polish communists? Questions of this kind, which should be asked during the discussion of any eventual general act, will of a certainty be many more. The Taskforce on Rehabilitation is not a body which can or should answer them. However, its members cannot avoid certain general judgments, even if only concerning individual cases. On those judgments depends, among other things, whether the case of Captain Szczepanski will or will not be subjected to a judicial review.

Those opposed to undertaking matters of this kind claim that an overwhelming majority of persons apprehended during the fighting [with anticommunist partisans in the late 1940's] or during cleanup drives had been tried in an absolutely legal way and one consonant with the laws in force. They argued that only a small percentage of penal

cases was tainted by aspects relating to the country's general sociopolitical situation and to the deformations in building socialism. This taint applies only minimally to the penal proceedings of the years 1944-48 when an overwhelming majority of fighters of the armed underground went on trial.

And indeed, many lawyers reviewing the dossiers on cases prior to 1948 admit that for the most part the proceedings were conducted properly. What is more, irrespective of the fact that death sentences had often been pronounced in the years 1944-48, many of these sentences were not executed. In the case of military courts, in those years the execution of any and every death sentence required prior approval by the commander in chief, who often commuted the penalty to 15, 10, or even 5 years of imprisonment. In cases considered by common courts of law, more often than in the 1950's, President Bierut availed himself of the right to pardon. This may be exemplified by the trial of Franciszek Niepokolczycki who had, together with other PSL [Polish Peasant Party] activists, been sentenced in September 1947 by the Military Regional Court in Krakow. Of the eight death sentences then pronounced, five had not been executed owing to presidential pardon. Subsequently, such situations became rare.

Incidentally, as regards the Niepokolczycki case, which is expected to be judicially reviewed, the sentences pronounced concerned the activities of the defendants partly on behalf of the PSL and partly in the leadership of WiN [Freedom and Independence]. Here again, political judgments will be hard to separate from the letter of the law.

Although it is not possible to speak of any general breaches of law, such as had later taken place, as regards cases concerning the armed [anticommunist] underground, it is indeed difficult to accept the argument that everything was just right and there is nothing to discuss. But such discussion cannot be confined to the scope imposed by penal law; owing to the very nature of the subject, it has to involve ideology and politics.

If, however, we accept the elementary assumption that everything that took place was in consonance with the ideology and politics then reflected in laws then binding in the Polish People's Republic, this still raises the question of whether the persons sentenced for combating those laws and the government which had imposed them, would wish to be rehabilitated by its successors.

Consider for example the judicial review that could be termed the first effect of the Taskforce's work. As a result of that review the Supreme Court exonerated the domestic leadership of the PPS-WRN [Polish Socialist Party-Freedom, Equality, Independence]. Kazimierz Puzak, Tadeusz Szturm de Sztrem, Jozef Dziegielewski, Ludwik Cohn, Feliks Misiorowski, and Wiktor Krawczyk had been charged 41 years ago with activities intended to overthrow the people's-democratic system of the Polish

State and to remove the constituted supreme bodies of people's rule. The appeal was submitted by the minister of justice, and the Court, after listening to its unanimous support by the prosecutor and the counsel for the defense, decreed that the verdict of 1948 was unjust and in violation of law.

Not one of these six people, who were exonerated on 19 April 1989, is any longer alive. But, on their behalf, it should be noted that they had not felt themselves stripped of their good name. When they met after leaving prison, Tadeusz Szturm de Sztrem, Jozef Dziegielewski, and Ludwik Cohn all declared that they saw no need to apply for rehabilitation. They were treated disgracefully, but they were not disgraced. A court which pronounces a disgraceful verdict disgraces itself and not the accused. Perhaps then it is not the accused but the coeval administration of justice that needs to be rehabilitated?

Doubts of this kind have long since been clouding the courtrooms handling rehabilitation proceedings. On 26 April they also were raised by Tadeusz de Virion in his speech as counsel for the defense at the rehabilitation proceedings of Adam Doboszynski, a well-known National Democratic Party activist and publicist, and a participant in the September 1939 Campaign. During the war he had been abroad, but in December 1946 he returned to this country and undertook to organize a common platform for various national-Catholic groupings. He was arrested in July 1947 and accused of military treason. In 1949 a court condemned Doboszynski as an "inciting agent" of German and United States intelligence services and sentenced him to the death penalty.

Contesting the purpose of the judicial review presented by the Chief Justice of the Supreme Court, Attorney de Virion emphasized that it is intended not to fully rehabilitate a certainly controversial patriot in the eyes of public opinion but to focus on formal irregularities in the trials. The counsel for the defense drew, therefore, the conclusion that the purpose of the judicial review is to leave Doboszynski branded, the only difference being the finding that the verdict was flawed because Doboszynski had been sentenced on the basis of a forced confession. According to Tadeusz de Virion, what happened should be interpreted quite differently:

"Let there be no such assessments. We must distinguish between judicial error and a murder perpetrated with the aid of law as an instrument. It is not enough to recite over the grave of the executed man a legal formula implying that he had not committed the crimes he was accused of. He has the right to be accorded a public admission that he had died a martyr's death, that he was liquidated in a criminal and thuggish manner. Otherwise, such proceedings would stem from a criminal intention to sully and falsify the Nation's history."

As he stated at the outset, he was "not defending a man who is in danger." That man is no longer alive and, although in killing him an attempt also was made to disgrace him, he remained a hero to his country, which is not impeded by the fact that politically he had been linked to the extreme right and, while abroad, he had opposed General Sikorski. Therefore, the proceedings in progress before the Supreme Court wrong no one but should give to each his due. Therefore also the purpose of proceedings of this kind nowadays is to be pondered. Are they to point up [judicial] errors, or are they to identify those responsible for the crime [the miscarriages of justice]?

In its decision the Supreme Court, sitting in an increased composition in a crowded courtroom, did not share the radical stance of the counsel for the defense, but it did agree that the language of the judicial review is not the most felicitous, it because does not touch upon the heart of the matter. It is impossible to simultaneously exonerate and quash proceedings. Adam Doboszynski was exonerated.

A similar controversy arose concerning a case which was a day later, on 27 April, considered by the Military Division of the Supreme Court, also sitting in an expanded composition—a bench of seven judges. Before the court stood 86 years old Professor Jan Jozef Podoski, a retired army captain, who had been sentenced in 1951 by the Supreme Military Court to 8 years of imprisonment, loss of public and civil rights and honors for 3 years, and forfeiture of his entire property for attempting to remove by force the leading bodies of the nation and to overthrow the system of society in the Polish state.

The judicial review of his case was proposed by the Chief Justice of the Supreme Court. The military prosecutor merely demanded waiving the verdict and exonerating the accused owing to lack of evidence.

The attorney Bartoszevska spoke on behalf of Prof Podoski: "This meritorious citizen, who has devoted his entire life to Poland, and who is the bearer of the highest state decorations, has, toward the end of his self-sacrificing life, come to request that justice be done. To him, legal issues and procedural oversights do not matter. To him, it is the charges themselves that matter!"

Once again the exonerating verdict was accompanied by the court's commentary to the effect that the judicial review attaches too much importance to the undoubted procedural irregularities. In reality, the nature of the original verdict consisted in that a person was termed a spy just because he passed on fairly common information most of which was available in newspapers; he advised some people whether they could emerge from the underground, and others whether they should return to this country. He made known his reflections on whether Mikolajczyk would win the elections. And as for

the desire to overthrow the authorities and the system of society, that was simply a political struggle which became, not for the first time, resolved by penal-law methods.

The Supreme Court also performed another judicial review, proposed by the prosecutor general on behalf of Antoni Lisowski. Only a few persons remained in the courtroom at the time, because Lisowski, another man sentenced to die in 1944, was not a political figure. He was accused of helping Germans to send Poles for work in Germany while he was an employee of the German labor office in Miedzyrzec during the war. The bill of indictment referred to 1,500 persons, but it did not cite even a single name. More even, the court had refused to hear the testimonies of 42 witnesses who signed a petition defending the accused and were ready to swear that he had been employed merely as an interpreter and that he helped as much as he could those menaced by deportation.

"This murder would not be as terrible if he had been tied to a tree and shot without a trial," declared the defending counsel, W. Gronkiewicz, who had little work to do on this case. He merely added, "But Vishinskiy's theory had not yet reached us at the time."

Concerning that last sentence above, following the verdict of exoneration, the Chief Justice commented, "A verdict is supposed to be a verdict regardless of the situation and circumstances."

There will be other proceedings for rehabilitation. Judicial reviews of two cases, those of Franciszek Slowik and Jan Siepietowski, are scheduled for 24 May.

Additional judicial reviews are being prepared concerning the cases of Zygmunt Kozak and six other members of a special BCH [Peasant Battallions] unit who were sentenced to the death penalty in January 1946; Kazimierz Baginski and three other PSL members, sentenced in April 1945 for publishing a PSL bulletin containing "statements injurious to the state," and Jan Nowak, secretary of the Poznan Voivodship PSL Board, who had also been sentenced in April 1947, to 7 years in prison for "cooperating with bandits." As for Franciszek Niepokolczycki, he has already been mentioned.

But there is no waiting line of applicants for rehabilitation [as published; this conflicts with the surtitle of the article]. The apprehensions of certain individuals who, to put it nicely, are not overly enthusiastic about this entire drive and warn that justly sentenced persons are soon also going to be rehabilitated, are not being confirmed. Of course, now and then persons sentenced in those times for ordinary economic crimes, armed robbery, etc., apply for rehabilitation, but whenever it turns out that the court had complete evidence of their guilt, no member of the Taskforce is keen to request a judicial review.

On the other hand, it can be definitely stated that, unless the concerned individuals cooperate, the Taskforce does not have the least chance to identify all who warrant rehabilitation. Perhaps it may have the right to claim that it did everything it could, but it will not say that it did everything that had to be done in order to locate any dossiers that need dusting off.

Katyn Tragedy Reexamined

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[Article by Alexander Akulich and Alexei Pamyatnykh, research associates, Institute of Scientific Information on Social Sciences, USSR Academy of Sciences: "Katyn: Confirm or Refute"; first three paragraphs are MOSCOW NEWS introduction]

[Text] In a talk held the other day between Mikhail Gorbachev and Wojciech Jaruzelski attention was also given to "blank spots" in the history of Soviet-Polish relations. It was found necessary to speed up the efforts to eliminate these holes. First and foremost, the one dealing with Katyn.

The crux of the matter is clear: who is guilty of the murder, in the early 1940's, of several thousand Polish officers, whose remains were found in the Katyn forest, 15 km west of Smolensk, between the villages of Gnezdovo and Katyn? Abroad the reply to this question is practically unanimous: they were victims of Stalin's malice.

Is this conclusion accurate? The last say on this score belongs to the bilateral Soviet-Polish commission of scientists investigating our "blank spots". It is the latter, primarily the Soviet side, who will have to confirm or refute the facts, assumptions and doubts underlying the foreign version of the Stalin regime's guilt.

On October 31, 1939 (summing up the results of the first campaign in World War II), Vyacheslav Molotov, People's Commissar of Foreign Affairs of the USSR, told the USSR Supreme Soviet: "A short strike at Poland, first, by the German Army and, then, by the Red Army was enough for nothing to be left from this ugly offspring of the Treaty of Versailles." And shortly afterwards, at the close of December 1939 Joseph Stalin thanked German Minister Ribbentrop for congratulating him on his 60th birthday and replied in a cable: "Sealed with blood, the friendship between the peoples of Germany and the Soviet Union has every reason to be lasting and durable." What blood did he have in mind?

When the Red Army crossed the border with Poland on September 17, 1939, Marshal Edward Rydz-Smigly, Poland's Commander-in-Chief, desiring to prevent bloodshed, managed to issue the following order: put up no resistance to the Red Army. Not everyone obeyed the order, and for many this sealed their fate: 250,000 Poles

found themselves prisoners of the Red Army. By October 1, fighting had subsided in eastern Poland. Part of the POWs was set free and another part was taken into the hinterland of the USSR. In November 1939, all captured officers were confined in three special camps, at Kozelsk, Starobelsk and Ostashkov.

According to the reminiscences of Colonel Zygmunt Berling, at first the situation in the camps was quiet. During the Christmas of 1939, the POWs were allowed to write to their families: letters were sent to eastern Poland—now already Soviet territory—and across the Bug River, occupied by German forces. A few months later, in April 1940, all correspondence from the camps suddenly was interrupted. Only from the camp in Gryazovets near Vologda did letters again start coming to relatives beginning with October. These were from the 448 POWs there. The remainder lapsed into silence forever.

In London on July 30, 1941, Soviet Ambassador Maisky signed with General Wladyslaw Sikorski, head of the Polish government in exile, a treaty on the reestablishment of diplomatic relations, mutual aid in the war against Nazi Germany, and the formation of a Polish army on Soviet territory. On August 4, 1941, Polish General Wladyslaw Anders was taken straight from a cell at the Lubyanka prison to a meeting with People's Commissar of Internal Affairs Lavrenty Beria, whereupon he immediately set about forming Polish military units, later to be known as the Anders army. (In the summer of 1942, this army of 75,000, obeying orders from the Sikorski government, left the USSR for Iran. In 1944 it landed in Italy and, now known as the 2nd Polish Corps, undertook the famous assault on the Monte Cassino pass, paving the way for the allied troops' advance on Rome.)

Captain Jozef Czapski, who was instructed to set up the future army's recruiting station in Kuibyshev, also at that time (in the summer of 1941), compiled the first list of 4,000 officers "reported missing in the USSR" and submitted it to the Soviet authorities. The authorities kept silent.

On December 3, 1941, at an audience with Stalin, General Anders bluntly asked about the fate of 10,000 officers who had been taken prisoner.

Stalin replied: "They escaped."

Anders: "Where to?"

Stalin: "Possibly, to Manchuria...."

On March 18, 1942, General Anders repeated his question to Stalin (in presence of Colonel Okulicki).

Stalin: "Maybe, they are on the territory captured by the Germans.... All of them had already been released."

In 1943, Colonel Zygmunt Berling, who was forming the Tadeusz Kosciuszko 1st Infantry Division, came to Moscow with a list of 600 recommended officers. In the presence of Polish Colonels Gorczynski, Bukojemski and Tyzinski, a deputy of Beria, Merkulov, looked through the list and said: "No, not these. In relation to them we've made a big mistake." Beria, who was also present, corrected him: "These people are not in the Soviet Union: they've gone abroad." In his memoirs Berling added: "We were not surprised by this. We knew that the camps had been disbanded, that the colleagues had departed, whereas we stayed in the Soviet Union at our own free will. Later, however, we started doubting this..."

In 1942, the Poles who worked in the German railway teams learned from local inhabitants that many of their compatriots had been shot and killed before the war in the Katyn forests, to the west of Smolensk, on a site already overgrown with a young pine grove. The very first excavation made it possible to find the body of a Polish officer. The grave was closed, a birch cross was put up, and the excavations were resumed later on.

(After the Civil War, the Katyn forests found themselves under the jurisdiction of OGPU, later the NKVD. In 1931 they were fenced off, admittance being forbidden to unauthorized persons. Today this whole territory is still enclosed, having been declared a "national preserve." Access is still barred, and it is possible to gain entrance to the monument only through a corridor between the fences.)

In the spring of 1943, on orders from the German authorities, German experts, led by Gerhard Butz, opened eight mass graves beneath three-year-old pine and birch groves. On April 13, Berlin radio announced the discovery of the graves, saying that the shootings had been carried out by the NKVD in the spring of 1940.

In reply, on April 15, 1943, the Soviet Information Bureau blamed Berlin, saying that the Polish POWs had worked near Smolensk where they had been taken prisoner by the Germans.

On April 15, the Polish government of Sikorski contacted the International Red Cross, requesting an investigation.

On April 20, the Polish government addressed the same request to the Soviet side, saying that Nazi propaganda profited by the story with Katyn to cover up heinous crimes in German concentration camps.

In reply, on April 21, the Soviet government accused the Polish government of collaborating with Hitler and, on April 25, 1943, severed diplomatic relations with it.

The Polish Red Cross sent Marian Wodzinski, a doctor of forensic medicine, and a group of technical experts to Katyn. Nearly all of the commission members, including

Wodzinski himself, belonged to the underground Armia Krajowa. The German authorities guessed this, but did not interfere with the commission's work. Simultaneously with Wodzinski's commission, the occupation authorities set up their own commission, inviting experts from 12 allied and occupied countries.

The commissions exhumed over 4,000 corpses. Testimonies were given by witnesses: Parfeny Kozlov, a 73-year-old collective farmer who was the first to point out the execution site (seeing no guilt on his part, after the Germans' retreat, he did not go into hiding, but was immediately arrested by the NKVD. He "refuted" his previous testimonies, and later disappeared). Next was Ivan Krovozhertsev, a blacksmith (he left for Italy where, upon an oath, he repeated his testimonies to the allies. Later, changing his name to Mikhail Loboda, he lived in Britain, where he was either hanged or hanged himself in 1947).

In their conclusions, both commissions arrived at this opinion: judging by the results of the exhumations, by the dates of the letters and newspapers found on the dead (a total of 3,184 documents), by the shapes of the bayonet wounds and other data, the murder had been committed in the spring of 1940.

Immediately after the German retreat, the burial site was visited by a Soviet commission led by Academician Nikolai Burdenko. A short while later it exhumed many unidentified corpses and concluded: buried in Katyn were 10,000 officers killed between August and October 1941 by the German army's engineering unit 537 under the command of Colonel Arens.

In February 1946, at the Nuremberg Trials, one point of the indictment was read to the Nazi leadership: execution by shooting of 11,000 Polish officers in the Katyn forest in September 1941. The accusation was brought up by the Soviet side. The investigation was carried out on July 1-3, 1946. The judges questioned Colonel Arens who said: in the summer of 1941 he did not command engineering unit 537, in summer and autumn no such unit was present in the Smolensk area (what had been there was the 537th Communications Regiment under Colonel Bedenk). As a result of the investigation, the verdict of the international trial, read on September 30 and October 1, made no mention of the Katyn tragedy.

Katyn has been dealt with in a large number of publications. Mention should be made of publications which appeared in recent months in the weeklies POLITYKA, ODDROZENIE and TYGODNIK POWSZECHNY, and other Polish newspapers and magazines.

From among a torrent of Western publications, let's single out the collection "The Katyn Crime in the Light of Documents" which appeared in London in 1948, its editor being General Wladyslaw Anders, and which was reprinted on more than ten occasions.

In May 1945, Colonel Van Vliet of the US Army, who happened to pass through Nazi captivity where the German Command had told him about the graves discovered in Katyn, was questioned by Major-General C. Bissell of the intelligence service. Van Vliet's testimony was published in September 1951. The US Congress appointed a special committee on Katyn forest. After questioning 81 witnesses and examining 183 documents and 100 affidavits, it concluded on December 22, 1952: the guilt for the shootings lay with the Soviet side.

Research studies mention the publication in the West German 7 TAGE (July 7, 1957) of a document captured by the German troops together with the remains of the archive in the Minsk NKVD building. This was a report dated May 10, 1940, and signed by the chief of Minsk's NKVD, Tartakov, to generals Zarubin and Raikhman on the liquidation of the camps at Kozelsk, Starobelsk and Ostashkov. Mention was made of Buryanov who was responsible for this act. According to this document, the liquidation of the Kozelsk camp was carried out by units of the Minsk NKVD under the protection of the 192nd Infantry Regiment; of the camp at Ostashkov (in the area of Bologoye) by units of the Smolensk NKVD under the protection of the 129th Infantry Regiment; and of the Starobelsk camp (in the area of Dergachi) by units of the Kharkov NKVD under the protection of the 68th Infantry Regiment. The liquidation of the three camps was completed on June 2-6, 1940. The person in charge was Colonel B. Kuzhov.

Andrzej Wajda, a Polish film director whose father lies buried among the Poles executed there, is preparing a film about Katyn.

While much has been written about Katyn, the main thing still needs to be brought to light. Soviet historians will have to confirm or refute today's existing data. They will have to explain why thousands of people were killed in the Katyn forest.

POLAND

Pact Membership Upheld; Reductions Viewed as Shift to Quality

26000466 Warsaw *POLITYKA* in Polish
No 16, 22 Apr 89 p 3

[Article by Col Stanislaw Koziej, staff employee, Academy of the General Staff, Polish Army: "Defense Also Costs"]

[Text] I believe that the interest of Poles in national defense matters is a very positive symptom even if at the present moment it is more critical and negative rather than constructive. If there are many one-sided and negative attitudes in today's social reactions, then I believe they are a consequence of avoidance to date of a public and comprehensive consideration of the more concrete problems of defense. I believe that today, in the era of "open information," there exists increasingly greater prospects and need for a public representation of realistic and not merely propagandist analyses and evaluations.

Under the new, democratic conditions that are now taking shape, it does not seem possible to maintain the needed defense potential without public support, without a widespread conviction of the country's needs and knowledge of its capabilities.

Thus, let us attempt to think about some basic problems of Poland's national defense. As a starting point, let us consider the viewpoint, now prevailing in the social consciousness and announced by the spokesman for the opposition-Solidarity side in the roundtable discussions, on the desirability and possibility of reducing Poland's defense expenditures much more significantly than specified by the Sejm (even as much as 20 percent). Is this really possible today? The powerful military forces massed in Europe today, in which Poland is in the very center, is the legacy of the worst period since the cold War of the 1950's. At that time two antagonistic political-military blocs (NATO and the Warsaw Pact) were formed, and the philosophy of intersystem hostility was established, which has not been surmounted to this day.

Every bloc member, including Poland, had to bear immense defense burdens. It was a necessity forced by external conditions. No one can say that we maintained our armed forces for our own military aspirations, a desire to dominate, to threaten anyone and the like. Poland did not initiate the arms race; it was the consequence of superpower rivalries and interbloc confrontations. Seeking an advantage over the other side and disturbing the balance of power lead to higher and higher levels of confrontation. Poland, as a member of one of the blocs, had to participate in this contest and, of course, bear the resulting costs.

Lately, mainly as a result of the "deideologization" of interstate relations, the doctrine of a priori hostility in East-West relations is being replaced gradually by, as was emphasized by Gen Wojciech Jaruzelski, a philosophy of "a common home," cooperation and interdependence. Poland is taking advantage of the possibilities created by the international situation and, like other socialist countries, is reducing its armed forces unilaterally.

How far can unilateral reductions go? Is there some kind of limit here? Could we reduce the numbers in our armed forces still more radically? It appears these kinds of questions are very justified because we believe in the principle of armed forces at a level necessary for defense, and as a basic means of repelling possible armed aggression, we prefer defensive operations.

It seems that a logical consequence of such reasoning is the thesis that with a military defensive doctrine, as defenders we can have a smaller force than a potential enemy. Since, to date, relative balance exists, then, without greater fear, we can reduce our armed forces unilaterally to a significant extent.

However, this reasoning is only outwardly correct. Defense, as formulated by Clausewitz, is truly easier than offensive operations. But how much easier? As demonstrated by the history of military science, it depends on the scale of military operations. For example, on a tactical scale, in encounters of relatively small military groupings, a defender can successfully withstand an enemy attacking force that is even several times more numerous. However, on an operational scale (army, army group, or front), this indicator diminishes significantly and basically does not exceed a numerical superiority of two to one. And on a strategic scale (theater or military actions, war theater), an aggressor has a good chance of winning with an insignificant superiority of forces, and even a balance of forces.

What does this mean in practice? Well, it means that the thesis concerning the possibility of radical unilateral reductions of military potential by a defender is not true in toto. One cannot proceed here as one likes without misgivings about the dangerous results.

If one takes this into consideration, then it can be stated that every unilateral reduction in the armed forces, even with an explicitly defensive doctrine for their use, is, despite everything, a risky solution. Of course, in military affairs, nothing can be done without risk. Defense under conditions where the aggressor's strategic potential superiority is insignificant, that is, a 1.1 to 1.2 superiority, can be acknowledged as such an example of such a risk. This, in turn, signifies the possibility of unilateral force reductions not exceeding 10 to 20 percent of existing forces.

It should be emphasized that all this time we have been examining a system of military potentials in the strategic sense; in the present situation, this means relations between the two blocs—NATO and the Warsaw Pact.

The demands, limitations and advantages concerning the entire bloc apply to each of its signatories. At the same time objective conflict of interests exist within the framework of the bloc—directly among its members as well as between the individual members and the bloc as a whole. Naturally, each state strives to minimize its costs of participating in the bloc and to neutralize its limitations and, at the same time, to maximize its benefits.

But let us examine somewhat more closely the military aspect of those conflicts of interest. How are they manifested concretely? What are their consequences? Simplifying the problem as much as possible, the solution for us, idealistic in the extreme, would be the situation wherein the Warsaw Pact will assure us complete security, but we pay nothing and contribute nothing to the "common kitty." Of course, this is utopian. The remaining allies would not permit this. Thus, the amount of our contribution to the military potential of the Warsaw Pact is the resultant of the play of interests of all its members. In association with this, our armed forces reductions must take into account not only the threat itself, but also the intrasystemic requirements of the Warsaw Pact, and the size of these reductions must be within the framework of reduction within the entire Pact. Thus, calling for more radical limitations of defense outlays is not realistic so long as the juncture of our defense interests with the interests of the entire coalition to which we belong is not taken into account.

A question arises here: Must we belong to the Warsaw Pact? Would it be better to withdraw from the Pact and take care of our security on our own? Not too long ago such questions would not even be asked. They would have been considered as criminal, a "desecration." In light of the new thinking, we cannot pretend that such questions do not exist, and we should not take offense with those who articulate such questions. Thus, we will attempt to reply to them.

Above all, it must be ascertained that in practice the Warsaw Pact could not exist without Poland. It is difficult to imagine an effective defense structure with a large "hole" in the very center of the bloc. Even if such a defense system continued to function without Poland, it would not be an organization having any kind of sympathy for us. We certainly would not improve our defense system in this manner. There is no doubt that Poland's withdrawal from the Warsaw Pact and counting on deriving defense benefits from it is pure illusion, and such a thesis is naive.

Poland's withdrawal from the Warsaw Pact most probably would mean the dissolution of the Pact and its replacement by a system of other allies. From the viewpoint of defense, would this be beneficial for Poland?

Obviously, the dissolution of the Warsaw Pact without the simultaneous dissolution of NATO is conceivable, although this eventuality must be acknowledged to be rather improbable. Under such conditions, one can project that after a certain period of time NATO would also disintegrate somewhat in a natural way, and Europe would become an arena for the free play of forces and interests in which Poland would become one of the main objects as well as subjects in light of the known status of our socioeconomic condition.

If very significant reductions in the military potentials of all the European countries have not taken place beforehand, from the viewpoint of Poland's security and defense, such a situation would not be in the least bit beneficial. To mingle in the free play of forces without a reduced military threat would force us to continue to maintain a significant defense potential. It also is highly probable that it would mean increased defense needs for Poland relative to our present contribution to a coalition defense system.

There also are those who are voicing ultrapacifist theses, calling for total unilateral disarmament. Is this a realistic idea? In the very center of Europe, in a place of eternally intersecting conflicts of interest? Someone once stated accurately that such places must always have armies. The problem comes down to this: Will it be our forces or foreign forces? After all, can Poland forgo its armed forces in a situation where our near and far neighbors do not also do so? In general, is a state without an army conceivable? I do not believe such an idealistic, pacifist philosophy would be universally accepted by the public. The vision of a helpless creature unconcerned about its security is not in the least bit entrancing. I submit that the pacifists themselves do not believe very much in the reality of their own views.

From the abstractive prognoses, let us now proceed to today's realities to ascertain if participation in the Warsaw Pact is the main determinant of our defense. Like the majority of political structures in socialism, the Warsaw Pact also is now undergoing a significant evolution in its principles of operation. Lately, one of the consequences of this is that the member countries of the Warsaw Pact reduced their armed forces unilaterally. Accepting the doctrine of an explicitly defensive orientation permits the armed forces to be reduced unilaterally by about 10 to 20 percent relative to the existing status of the strategic balance with the forces of the potential enemy.

In order not to disturb the existing structure, the accepted distribution of burdens and the obligatory principles of operation, each Warsaw Pact member can reduce its forces by similar percentage amounts. That is also Poland's reduction plan. Over the next 2 years, it is projected that the manpower of the armed forces would be reduced by about 10 percent, the number of aircraft and armed personnel carriers—more or less 15 percent, and the number of tanks and guns—25 to 30 percent.

The latter figure is proof that the armed forces are being reduced and restructured simultaneously, and the proportion between their offensive and defensive capabilities is being changed to the benefit of the latter.

Reducing the armed forces by a specific percentage amount, however, does not now mean that defense outlays can be reduced by a similar amount. A smaller army must be better qualitatively. Unfortunately, this costs money. The greater the quality of equipment, the more expensive it is. If command and staff cadres are better trained, then the soldiers will be better trained, and the tactical units will be better integrated, which requires very intensive and, at the same time, very expensive exercises. And better quality forces necessitate increased requirements regarding the discretion, discipline and quality of outlays for the benefit of the armed forces in case of conflict.

Assuming that a comparative balance of forces now exists, in order not to destroy this balance of forces, unilateral reductions, in substance, should not exceed 10 to 20 percent of current forces. Greater reduction of armaments is possible only if reductions are bilateral. The reductions should lead to a status of armed forces in the individual states such that they would not be capable of initiating armed aggression on a great scale without time-consuming and noticeable preparations. We hope that the negotiations taking place in Vienna regarding the reductions of conventional armed forces in Europe as well as measures to build trust and security will aim toward this goal, which will also permit Poland to reduce further its military burdens.

University in Lublin To Receive Former Military Grounds

26000476b Warsaw TRYBUNA LUDU in Polish
11-12 Mar 89 p 2

[PAP Article: "Maria Curie Sklodowska University Receives Land Used to Date By the Army"]

[Text] On 10 March 1989, General of the Army and Minister of National Defense Florian Siwicki, member of the PZPR Central Committee Politburo, visited Lublin where he met with, among others, the Senate of Maria Curie Sklodowska University. It was an occasion to remember the rich tradition of cooperation between the armed forces and the area's residents as well as personal remembrances of the minister of defense from the period when he commanded a division in Lublin.

The minister of national defense presented the motives behind as well as the main directions of, conceived on a wide scale, the reorganization of Poland's armed forces. He emphasized that the reorganization will result in a significant reduction of the armed forces and that some of the released military equipment will be remitted to public use. Maria Curie Sklodowska University is included among those institutions and organizations that will be given preference in using this equipment for

their needs. General Siwicki said that the over 5 hectares of land near Aleja PKWN in Lublin and the building thereon that have been used to date by the regional armed forces will be transferred to the University.

Prof Zdzislaw Cackowski, the rector of Maria Curie Sklodowska University, sincerely thanked the minister of defense in the name of the Senate and the academic community for a decision that is so propitious for the University's future. The newly acquired land will permit the University to expand, to improve its scientific and didactic base and also to improve the social welfare of the students.

The sociopolitical situation at the University was also discussed.

During his visit to Lublin, the minister of national defense also met with representatives of the region's politicians and administrators.

Military Production Factory Transferred to Civilian Use

26000476c Warsaw ZYCIE WARSZAWY in Polish
18-19 Mar 89 pp 1, 3

[Article by Andrzej Murat: "A Factory Converts to Civilian Production"]

[Text] The slogan before the armaments industry plant reads, somewhat ironically to say the least, "Peace is Our Goal." And no doubt this is how it was considered not too long ago by the residents of Gliwice and its surroundings.

To people living on the Coast or in Wielkopolska and Mazowsze, the Labedy Mechanical Equipment Combine is an industrial enterprise like others. In Silesia, it was an open secret that these plants produce armaments. The self-propelled cranes, excavators and loaders that were driven out the gate were supposed to mask other, more important production.

Now that Poland, via its minister of national defense, has announced a reduction in armed forces and armaments, the slogan "Peace is our goal" takes on an entirely different, realistic meaning. The subject has stopped being a taboo to such an extent that journalists have been invited to visit Labedy, where tanks are manufactured. A piece of good fortune of the highest order.

First, the formalities. At the office we obtain identification badges with the request that they be worn where they can be seen. We pin them on. To begin, we meet with the management. The general director is absent, but he is represented by the technical and economic directors who, in turn, are supported by the senior technician and designer.

The introductory information is brief. The BUMAR Mechanical Equipment Combine has several plants and branches in Zawiercie, Wadowice, Zabrze, Mikulczyce and Szczekociny. The vast majority of its employees work in Gliwice. A brief history follows. Labedy was formed in 1951. It produced welded structures, washing machines, 'Mazur' caterpillar tractors and mechanical and hydraulic excavators. Now it produces self-propelled cranes and side-unloading cars for the mining industry. Long ago—and it no longer is a secret—T-34 tanks were produced. These were followed by T-54 tanks. Now it is the newest tanks, the T-72s, that are produced here.

The "torture" these vehicles are subject to during the trial runs, which simulate field conditions as closely as possible, can be seen on a TV screen.

Already in 1987 international detente reduced the need for military equipment. Last year 30 percent fewer tanks were made. This year only one-third of Labedy's military production capacity will be utilized.

There is a problem: How can the machinery and equipment, in many cases very modern and expensive, be used? It is known that there will be no problem utilizing those machines and equipment that are universally adaptable. Using the specialized machinery will be more difficult.

If anyone wanted to see how that which is called eruditely the restructuring of industry really looks like, then he should go to Labedy. In response to the reduction in military production, a commission consisting of various specialists was formed. The commission's task was to determine what to do and to prepare a program for the unavoidable changes. Very quickly the plants received over 80 production offers. On their own, the plants also investigated ways to utilize the released capacity.

The series 401 mobile cranes have been in production for 15 years, but they must be replaced by something more modern, even though a market for them still exists. The Research and Development Center for Mechanical Equipment developed the DST-452 crane, and research on prototypes is continuing. An informational series will be ready this year. Documentation for a slimmer DST-402 crane has been received from the Industrial Institute for Construction Machinery in Kobylca. Labedy designed the DST-458 crane on its own. What is more, Labedy also initiated the production of new loaders for the mining industry; some are already being assembled. And the Warynski plant purchased a license for the modern Brawal hydraulic excavator. In the future, Labedy plans to start assembling on road/off road cranes and mobile trailers to transport long components.

Director Zdzislaw Kopczyk as well as Roman Bulik lay down the most important details concerning military production.

Thus, Biedzki, the exceptionally active editor who wrote for PRZEGLAD TYGODNIOWY, must exert all his intellect and, quite simply, must presume many things without any guarantee that what he deduces will be published.

An apologetic smile appears on the faces of the directors when they are asked how many tanks are assembled at Labedy. When the editor wants to know the cost of a T-72 he is told: the same as the West's Leopard tank. How can this reply be decoded? Should the state or official dollar conversion rate be used?

Discussions on other themes are much easier. How will the reduction in armaments production affect the plants? It is no secret that to date Labedy had certain luxuries. It is difficult to imagine that they had any problems getting supplies. They received a 50 percent rebate in income and turnover taxes. They earned profits on exports. Now it will be difficult to come down to earth.

What should be done with the machinery and equipment while they are not being used for "civilian" production? "We must seek partners as quickly as possible who would like us to perform services, for example, grinding services," says Director Bulik.

It would seem that manufacturers of agricultural equipment would be eager for the released machine tools. "We had no offers from them." This response surprised my colleague from GROMADA ROLNIKA POLSKIEGO, as well as others. What will be done with the workers in the specialized departments who will have nothing to do? As is known, such times are highly valued by the workers. It turns out that Labedy has no intention of getting rid of anyone at all. Of course, qualifications for a new job will be important. There are more questions, and not only by the journalists. "Where will we stand among the enterprises qualified for the "List of 500"? To date the combine is among the top enterprises. Today profitability approaches 40 percent, wages have increased, and the workforce earns high awards from profits. What will it be like a year or two from now?

We end the press conference and are driven on a tour. Some of the work areas exhibit slogans like "Come to Work Sober and Rested," but they are more prosaic. We go to the department where the steel frames of the T-72 tanks are assembled. The enclosed workstations are the first things that one notices. While it is true that our hosts try to convince us that these are the most ordinary guard screens in the world, it is difficult to believe. At all times we are allowed to go everywhere, and we do. The tank body is assembled just like the body of a Polonez except that the plates are thicker (these are real plates) and there is less automation.

"Reduced production," acknowledges Tomasz Kleszcz, a fitter who has been employed at Labedy for 8 years, "is not obviously at hand, but looking at it from the point of

view of disarmament, it is difficult not to see the positives. Instead of tanks one can at least produce farm machinery, which is in such short supply."

One does not have to be a professional to conclude that some machine tools are really quite modern, very efficient, accurate and specialized.

But crane, excavator and loader parts can be machined on the profiler that Marian Zielinski and Stanislaw Jasianek operate. Are they worried that they will earn less money as a result of fewer tanks being produced? "We will see," they respond somewhat worriedly. They believe that the plant will not allow this. And they have nothing against Labedy producing somekind of "civilian" equipment.

Jaroslav Goral, who for the first time has seen journalists of the press, radio and TV in this department, also has no reason for concern. "I am an electrician, and I can find employment anywhere."

The assembly of tanks is also impressive. One is reminded of Zeran's production line for the Warsaw M-20's. The body components arrive at each workstation. One has to be careful of the gantry crane. Tens of tons hang on the hooks. Here the workers are more restrained in their answers. We feel the results of years of closely guarding official secrets. In the meantime the guides tell us that the design of a tank, in this day of all-seeing satellites, is not unknown to enemies. Technology, however, is guarded.

We then visit the civilian production departments, where the brunts of Labedy's production will occur. At the end, we note the information given to us by Lt Col Jerzy Kad of the Ministry of Industry. Now we are saving 108 billion zlotys by reducing specialized production. The market, that is, the "peace market," receives 40 percent of the benefits.

Official on Study of Armed Forces Regulations Commission

26000476a Warsaw ZOLNIERZ WOLNOSCI in Polish
29 Mar 89 pp 1, 3

[Interview with Gen Brig Tadeusz Jemiolo, deputy to the chief of the General Staff of the Polish Army, chair, commission to study Regulations of the Armed Forces of the Polish People's Republic, by Lt Col Stanislaw Lukaszewski; date and place not given]

[Excerpts] [ZOLNIERZ WOLNOSCI] In his speech at the command briefing for military cadres in November 1988, the minister of defense tasked the General Staff of the Polish Army to take appropriate steps to implement the Regulations of the Armed Forces of the Polish Peoples Republic. What progress has been made in executing this task?

[Gen Jemiolo] The minister of defense required that this task be done in such an order that the amended regulations could be put into force at the start of the coming 5-year period. This is the result of the sociopolitical and organizational changes that have occurred in the country and in the armed services over the past 12 years that the present regulations of the armed forces has been obligatory. The need to amend the regulations was also engendered by the significant growth of military technology and the introduction of many normative-legal acts regulating life and service in the Armed Forces of the Polish Peoples Republic. The commission formed by the minister which I chaired has practically finished the formalization process associated with the ongoing work on the shape and content of the future regulations. The commission was determined to make use of the experiences learned while developing previous editions of the regulations as well as the work in this area of fraternal socialist armies. As a baseline, the commission accepted the Regulations of the Armed Forces of the Polish Peoples Republic as constructed with the extensive collaboration of the entire military community, the Commission on Initiatives and Innovations of the Ministry of National Defense dedicated one of its competitions to this problem, which was published in the main military paper, to date many suggestions and proposals concerning substantive changes in the regulations have been received from central institutions, military districts and various armed forces as well as from military schools and units.

[ZOLNIERZ WOLNOSCI] What do these suggestions and proposals concern?

[Gen Jemiolo] Generally speaking, they strive to humanize and democratize military life and to improve the status, the quality of interhuman relations in the proper functioning of the armed forces, and to assure its authority in society. They aim to debureaucratize service operations and simplify work methods of the armed forces' organizational cells. The provisions of the regulations should conform with the new normative-legal acts. The individual provisions of the regulations must be such that they are unambiguous, exclude the possibility of different interpretations and the need to provide additional "interpretations." By-laws whose usefulness are not confirmed in practice must be eliminated from the regulations. At the same time, requirements concerning strong military discipline should be maintained and even strengthened, for example, performance of duties, and use of time designated in the order of the day for training. [passage omitted]

[ZOLNIERZ WOLNOSCI] The main institution in the area of improving the principles of military discipline is the Main Board for Combat Training of the Polish Army. Have the experiences of this institution been utilized?

[Gen Jemiolo] Of course. The group of officers appointed by the commander of the Main Board for Combat Training of the Polish Army presented proposals to review that concern improved military discipline.

Specifically, they concern the proper observation and shaping of the rigors of military life and service; correlating the order of the day with training requirements and the personal needs of the soldiers; improving the organization of service work and training and the totality of life in the units; better organization of free time and creating conditions for rest; improving the functioning of the system of liberty and leave for soldiers.

[ZOLNIERZ WOLNOSCI] Could you, Comrade General, mention several characteristic proposals that were made concerning, for example, the regulations of internal service?

[Gen Jemiolo] This regulation proposes to lessen the rigors of barracks life, change the furnishing of soldiers' quarters, move houses and clubs to permit better rest for military personnel. It has been proposed to make specific provisions of regulations so unambiguous so as to exclude the possibility of different interpretations and the need to issue additional explanations, and to provide greater rights to unit commanders to regulate the course of life and to improve the billeting of the cadres and soldiers of basic military service.

[ZOLNIERZ WOLNOSCI] Is there a timetable of the work of the Ministry of National Defense Regulations Commission?

[Gen Jemiolo] According to the timetable, the suggestions and proposals will be analyzed and then verified by pilot units. The initial version of the new regulations will be developed, and selected military units and the primary coauthors will be consulted on the initial version. Then the basic version will be developed and presented to the Commander of the General Staff of the Polish Army. Later, the Headquarters Offices of the Ministry of National Defense, military districts and military forces types will be consulted on the regulations. We will present the main changes of the new regulations to the

Chief of the Armed Services of the Polish Peoples Republic. This is the schedule for this year. Next year we will present the directions of the changes at a meeting of the National Defense Committee, and the amended regulations that were verified in practice will be presented to the military units. Presenting the final form of the new regulations at a meeting of the Ministry of National Defense Military Council in April 1990 will be important. It is expected that the new regulations will be approved by the minister of national defense in June 1990. After the new regulations are printed, they will be put into effect in January 1991.

I wish to state that the minister of national defense accepted our course of action and scope of regulation amendments, adding many of his own valuable proposals. In these regulations—in accordance with the minister's orders—we will attempt to reflect the spirit of the new defense doctrine, to emphasize defense duties, especially with regard to patriotism, to expand the humanization and democratization of military life, and to "debureaucratize" military life. The contents and by-laws—in accordance with the orders of the minister of national defense—are to "look ahead" as far as possible into the future and contain formulations that are unequivocal but suitably general as well.

[ZOLNIERZ WOLNOSCI] How can we be of assistance in formulating as best as possible the provisions of the new regulations?

[Gen Jemiolo] By propagating their new contents and the comments and proposals. By helping to reach effectively all soldiers. We want to receive all comments and suggestions. Thus, this can happen via ZOLNIERZ WOLNOSCI.

[ZOLNIERZ WOLNOSCI] Thank you for the interview. We urge our readers to send their comments and proposals concerning amending the military regulations to the editorial staff, attention "New Regulations."

INTRABLOC

CEMA Reform Hostage to GDR's Trade Policy 23000155 West Berlin FS ANALYSEN in German No 1, 1989 pp 11-33

[Article by Prof Dr Alfred Schueller, University of Marburg, presented at the 14th Symposium of the (West Berlin) Research Institute for Inner-German Economic and Social Issues: "Increasing Internationalization in Economic Developments: The GDR Under Pressure to Conform." The theme of the symposium, held 17-18 November 1988, is entitled "The Economic Policy of the Honecker Era—Economic and Social Consequences."]

[Text] 1. The GDR's internal regulative conditions under *Honecker* are characterized by the far ranging claim of the state on the disposition of natural resources, domestic industry, labor and foreign trade relations. In the conflict—facing any government—between opening foreign trade to the outside on the one hand and the claim to economic autonomy on the other, *Honecker* clearly and insistently pursued the regulative policy of extreme "economic nationalism" (*Wilhelm Roepke*). The GDR population is, therefore, largely prevented from directly participating in the advantages of a liberal and peaceful international trade exchange in the manner and to the extent befitting a national economy that depends on foreign trade.

At the 29th Union Party Conference in July 1988, *Gorbachev*, for his part, noted that "we cannot evade the internationalization of the economy, indeed of all social life. Any pursuit of national seclusion is bound to result in economic and intellectual atrophy."¹ The GDR should, therefore, be subject to increased pressure to open up its foreign trade.

Indeed, lip service is paid in the GDR to the appreciation that, by virtue of being a country dependent on foreign trade, it cannot stand aside from international trends. The responsible authorities find themselves in an inescapable race against time and are eager at least in some important aspects to obtain an advance and "thereby realize large-scale economic and social results."² *Helmut Koziolk* and *Otto Reinhold* actually acknowledge the increasing internationalization of economic life to have "crucial significance for the economic competition of the two social systems."³ Still, nothing much is achieved by mere statements of this kind. In order to catch up⁴ and keep up, the GDR would have to orient its regulative policy to the *preconditions and trends* that characterize economic internationalization:

The Opening up of trade, the competition of new production centers, the domination of *intraindustrial trade* over the interindustrial exchange of commodities, the *internationalization of entrepreneurial operations*, the rising demand on *economic coordination with other countries*.

2. The *opening up of trade* produces the international interlocking of commodity and financial markets. Technological innovations, leading to lower transportation and information costs, reinforce this process. The results are speedier international price adjustments, manufacturing shifts and, on balance, a worldwide rise in prosperity. This is the assumption underlying the concept and operation of GATT which, basically, is tailored to market economic systems—as demonstrated by its rules of behavior.⁵ These facilitate profit-oriented entrepreneurial operations in the spirit of worldwide multilateralism. The success of international economic coordination by means of GATT may appear threatened by nontariff trade obstacles, a tendency toward bilateralism and regionalization. Yet, the price effects of lower customs tariffs did, in the long run, create far reaching and trade promoting competition, growth, factor migration and balance of trade effects.⁶

The USSR indicated its interest in joining GATT, thereby signaling its readiness to open up trade. With this example in mind and in view of its much greater dependence on foreign trade, should we not expect the GDR to contemplate a similar step?

In fact there is not the slightest hint of any conceptual understanding of the GATT rules in the GDR. The USSR also is far from any real understanding. The two countries' current interest in the greatest possible trade exchange in economic relations with the West actually amounts to no more than an expression of continuing bilateralism. If, for example, the GDR were to lower customs tariffs in order to be able to negotiate with GATT, it would still have plenty of hidden opportunities for evasion, such as quotas, additional restrictions and obstacles to foreign trade as well as the management of foreign exchange.

The West also generously tolerates some protectionist administrative actions, discretionary administrative decisions, the trade restricting and distorting collusion between government and enterprises (in particular with respect to subsidies). Still, none of these practices achieves any of the dimension and intensity of the regimentation prevailing in the GDR and USSR or even in the smaller CEMA countries that are already members of GATT.⁷

By aiming to make the transition to a freely convertible ruble and a common socialist market, *Gorbachev* intends to lead CEMA from the constraints of bilateral trade and make the USSR a full partner for the West and acceptable to GATT.

He thus returns to a central concern of the 1971 *Complex Program*, that is the plan for the gradual liberation of trade in CEMA. Aided by liberalization lists, this plan was to create the prerequisite for multilateral settlement, providing for debits to be settled by gold or hard currencies. In that case a common market would have emerged as an "exchange, price, and payment community" (*W.*

Roepke). A profitable and calculable foreign trade would have replaced a foreign trade proceeding in the obscurity of a missing accounting connection. Such a proposal appears to have been discussed at the 43rd and 44th CEMA Council Meeting and championed by the USSR, Bulgaria, the CSSR, Poland, and Hungary.

The GDR considers this to be totally unacceptable "borrowing from the capitalist integration mechanism."⁸ The GDR's *crowning doctrine* represents its *harmonization conception* for greater stability, plan-likeness and contract fidelity in the CEMA countries' economic relations as against the *pacemaker doctrine* for foreign trade *deregulation*. The GDR doctrine considers currency convertibility to be the perfection of development-related progress and the result of the adjustment of regulatory, production, and demand conditions within CEMA to the point where the eventual goal becomes utopian. After all, if, according to Kunz,⁹ convertibility is to be admitted only when the CEMA countries dispose of such reserves of capacity, commodities, and foreign exchange as to be able to produce asufficiency of hard and internationally popular commodities and free them for exports, we have arrived at that utopian realm of freedom in the system of genetic doctrines established by *Karl Marx*, where the problem of lowering the shortage of commodities has ceased to exist.

The GDR's harmonization conception refers back to a model of cooperation that, due to its structural bilateralism, excludes any more efficient division of labor—even in the opinion of the USSR and most other CEMA countries. I will return to this issue later (see No 6).

At the present time, the GDR is, therefore, considered the crucial obstacle to the common CEMA market. Hungary frankly advocates simply leaving out the GDR,¹⁰ that is for a CEMA a la carte. The GDR will be able to escape the pressure for adjustment only if, while abandoning ideological objections, it is able to convincingly demonstrate that the *pacemaker doctrine* represents a dead end. In this case it might refer to the regulative conditions prevailing in the USSR and the other CEMA countries and point out the failure of the efforts toward convertibility, made after 1971.¹¹

3. Just as the labor unions in the FRG fear the increasing competition with respect to social costs in the world generally and the EC particularly, the GDR is bound to be afraid of the competition of countries that, due to favorable labor costs and declining system costs, are advancing in industries that used to be the preserve of the old industrial countries. In 1985, almost 25 percent of internationally traded industrial commodities originated in the Asian-Pacific region. In 1965 that region's share was only 10 percent.¹² In addition to the *competition of new manufacturing centers*, growing environmental problems and rising real wages in the established industrial countries of the West steadily increase the pressure to adapt. The countries concerned respond by the development of competitive advantages with regard

to new products and production processes that are affected by microelectronics in a nonstandardized form, as well as by the conquest of new dynamic markets, mainly in the Asian-Pacific region with its rapidly growing capacity to absorb imports.

In this worldwide process of speedier structural change, accompanied by changed shortages and entirely new production and employment conditions (for example in the area of information and communication equipment), the CEMA countries have badly fallen behind.

According to *Gorbachev*, it is imperative for them to confront the international competition. By means of extensive trading with the West, he wishes to make the USSR the core of a new dynamic manufacturing center, called "CEMA."

The GDR resolutely rejects this conception of speeded up imported progress, citing its *own (bad) experiences, current self-interest and conceptual considerations*.

The Argument of Its Own Experiences

In the 1970's, the GDR—and other CEMA countries—tried to insert themselves more deeply in the international division of labor by opening up more to the West, and to elevate the national economy's standard of development by shouldering a considerable load of debt to the West. Net debts to the West rose from about DM5 billion in 1974 to DM22 billion in 1981. It took a tremendous effort to reduce this debt to the current DM16 billion.¹³

It seems that the hoped for lasting modernization and productivity push failed to materialize. On the other hand, the GDR's sometimes critical balance of payment pinch (due to the radical consolidation policy) still affects the country. The reason: The foreign exchange flow required for transfer needed to a significant extent to be obtained from unforeseen import cuts and increases in exports.

At the same time, the commodities withdrawn from domestic consumption for the purpose of debt transfer proved to be insufficiently marketable in the West. Given the lack of flexibility with respect to supplies (the result of the system), the possible solution to the problem represented by a change in production caused considerable disruptions in the planned manufacturing process. In view of these experiences, the GDR's reluctance to embark on a new version of the conception of speeded-up imported progress becomes easily understandable.

The GDR may also have noted that the problem of debts to the West as incurred in Hungarian, let alone Polish, regulative conditions and nowadays described as progressive and desirable by the USSR, certainly does not appear to be more easily dealt with. In view of these experiences, the GDR seems to assume that the transfer capacity of a reformed USSR will not be sufficient to successfully pursue an ambitious modernization program by credit financed imports from the West unless

the USSR falls back on increased raw materials and fuel exports—most probably at the expense of the GDR. If the reforms in the USSR continue to be inadequate and, in many respects, halfhearted and contradictory, this pessimism is not unfounded: Foreign willingness to lend is uncertain and may decline far more rapidly than supply flexibility is likely to grow in the USSR. In the foreseeable future, enterprises will probably still not be geared to adjusting their output to world market conditions. Indeed it appears that the modernization policy is largely concerned with the production of commodities that can replace imports. In other words the USSR assumes a defensive stance to the adjustment problem in question. The imported resources are likely to be mainly directed toward the consumer.

There is, therefore, the danger that, just as happened in the GDR, the transfer task can essentially be coped with only by import cuts and/or extremely high exports of commodities from the traditional range of exports (at the expense of domestic consumption and/or deliveries to the other CEMA countries).

Backed mainly by Western imports based on credit, the technological race to catch up with the West tends, by way of the balance of payments, to be drawn close to dynamic market processes. These latter require flexible adjustment mechanisms in order to ensure profitable manufacturing and foreign trade decisions and a balanced foreign trade. Unless the USSR advances beyond the present reform initiatives, it is unlikely to have such mechanisms available any time soon.

Admittedly, it does seem that the USSR intends to reduce the transfer risks by a "wide ranging cover" program of joint ventures.¹⁴ The transfer problem would indeed be less serious if the Western partners were to additionally buy some commodities produced by joint enterprises.

Still, the less they are successful in recruiting Western firms for joint ventures, the more the GDR's supply capacity will be called upon to help the Soviet modernization program.

At this point, the present *direct interests* of the GDR become involved, and these appear closely linked to its *conceptual reservations*.

The GDR might well consider itself to be more than hitherto pushed into the role of *component supplier* and subject to greater external influence on its supply flexibility as the result of a Soviet modernization program envisaging the country's own development of a broad spectrum of key sectors with the aid of joint ventures.¹⁵

If the GDR were to earmark more of its current export commodity output for planned deliveries to the USSR, its scope for foreign exchange earnings from exports to the West would narrow. We also need to remember that—other than is customary on the world market—the

USSR is not usually willing to pay the costs of production modernization. Moreover, normally a significant part of the preproducts used has to be imported and paid in freely convertible currency. We must, therefore, assume that large GDR delivery obligations to the USSR (within the framework of contracts for financing investments in the development of Soviet energy and raw materials) are discharged at the expense of its debt service capacity vis-a-vis Western countries. I conclude this from the fact that, in view of Soviet discrimination, Hungary frequently pleads for "settling in freely convertible currencies at least part of the reciprocal deliveries in CEMA."¹⁶ The GDR seems to wish to escape this discrimination by other methods: By limiting delivery obligations and the concept of a *strategic trade policy*.

For the GDR, the Soviet conception of speeded-up imported progress means that it is willy nilly drawn into a competition that runs counter to its CEMA concept. If the USSR were to succeed in achieving modernization in disregard of the GDR and with the aid of technically superior Western suppliers, the GDR would have to fear for its economic and technical supremacy in CEMA. Consequently it insistently points to its R&D capacity, in particular its top status in CEMA with regard to the development of microelectronics. It claims to have invested enormous amounts of its own money to ensure "independence from the West."¹⁷ The GDR, therefore, calls for more unequivocal exclusivity agreements and the renunciation of parallel production in CEMA. Actually it is most likely concerned mainly with the CEMA-wide monopoly on a R&D field that has vast international application and is considered the vital motor of the economy with effects on industry and society, that have been described as the third industrial revolution. The GDR warns against the temptations of a far reaching trade opening to the West which anyway allows nobody access to the highest technology while exerting economic and political pressure by means of loans.¹⁸

The GDR conception of strategic trade policy is based on the certainty assumed for its ideas of the desirable future structure of industries, enterprise dimensions and foreign trade. It is, therefore, adamant about the need to control scientific-technological developments and their economic consequences. Just like Lothar Spaeth and Franz Joseph Strauss, it points to the fact that the Japanese Government, too, pursues the conception of "organizable comparative advantages" (Helmut Hesse). Indeed, the GDR seems to refer to that Japanese strategic trade policy which is actually based on the scale hypothesis of the development of foreign trade structures.¹⁹

The strategic trade policy as the basis of the achievement of monopolistic foreign trade advantages is not only accompanied by significant risks of making wrong decisions. In the West it is also strongly challenged in the name of competition.²⁰

By its conception of a strategic trade policy, the GDR would like to achieve a manifold restriction of competition by means of withdrawing its decisionmaking from the control exercised by success or failure on the Western market and from competition in CEMA by means of specialization and cooperation agreements. When renouncing parallel manufacture, it requires a contractual guarantee for a set volume of export sales, because, failing coordinated cost accounting in CEMA, this is the only means for it to ensure cost savings in the course of negotiations. We must assume that the GDR is primarily concerned to safeguard its supremacy in microelectronics—being well aware that it is able thereby to directly influence the structure of manufacture in the so-called *goup of five* (machine construction, road vehicle construction, electrical engineering, precision engineering and optics, office and data equipment) and the innovative push provided by this group within CEMA.²¹

In the matter of adjustment, it is the GDR's dilemma that, in international terms, it is handicapped by its wide ranging renunciation of direct competitive contacts on the world market as well as by its monopolistic role in CEMA.

4. In view of all the prevailing factors, the GDR should record an elevated *percentage of intraindustry trade* in any international comparison. However, the GDR's foreign trade is determined by political aspects, and trade with the USSR and the CEMA countries predominates. The interindustrial nature of this trade is the consequence of a foreign trade policy concerned primarily with the "adequate" and "guaranteed" supply of the national economy with import commodities such as raw materials, foodstuffs, and other strategic bottleneck commodities. Many people even in the FRG consider the GDR's strong ties to the USSR and CEMA to be "quite advantageous" for the GDR economy. *First* because of the calculable basis for the exchange of commodities. *Second* because of its planned development that proceeds independent of the world market. *Third* because of the large and receptive market in the USSR, that is much less demanding and also less complex than the world market.²² This safety first mentality is in fact no more than an illusion:

(1) The regulative conditions in the GDR mentioned at the outset exclude any calculable basis for foreign trade in an economic meaning. The GDR's foreign trade policy might well be described as blind to the problem of the dimension of total foreign trade most useful in terms of the national economy. CEMA also lacks any accounting connection that might enable it to organize the exchange of commodities on a basis calculable in an economic meaning. Desirable here would be guidance according to technical aspects, sophisticated auxiliary calculations, long-established production and foreign trade structures or intuitive feeling. In any intraindustry exchange of commodities accompanied by generally greater competitive intensity, trade profits crucially depend on the accuracy of the notification of

comparative advantages by means of the international accounting connection. As long as the GDR lacks this calculable basis, it remains largely dependent on interindustrial (complementary) exchange.

The GDR responded altogether inadequately to the 1973 explosion of oil prices. It took the radical cuts by the USSR consequent on the second oil price crisis at the turn of the 1980's to motivate the GDR also to adopt a new energy policy characterized by sensible cuts of the people's living standards. The pressure to adapt was shifted onto the public without allowing the latter any proper alternatives in the sector of legal supplies.

At the present time the GDR sees the only way out to be offered by the extreme exploitation of domestic resources (mainly brown coal), without consideration of comparative cost benefits and the incalculable environmental damage involved. At a time when free markets make available energy both securely and cheaply and in any desired volume and quality, the GDR has veered from a policy of illusionary safety first mentality only to fall prey to a safety trap that appears to offer no escape.

(2) The USSR is acquiring proprietorial rights in the investment projects—cofinanced by the GDR—for the development of Soviet energy and raw materials projects.

The GDR is granted claims to the repayment of loans in the form of offset deliveries. In real terms it has no influence on the discharge of its claims. The USSR, for its part, strengthens its most productive source of foreign exchange.

The better the USSR succeeds in qualitatively "hardening" the list of its materials delivery claims on the GDR, the more the latter's financial scope is narrowed with respect to an independent strategy for obtaining secure and cheaper energy supplies.

(3) In conjunction with the GDR industry's far reaching orientation to the USSR's import requirements, the safety first mentality in the field of raw materials and fuel imports—oriented to supply technical standards—resulted in the abandonment of the possible benefits offered by specialization in the international competition. Precisely the fact that the USSR represents a large, receptive and not too difficult (sellers) market, makes for the absence of any structural challenge and to the trade-wise provincialization of the GDR economy's highly developed human capacity.

This circumstance, generated by politics and generally accepted for many years, is now more and more exposed to the pressure for adjustment to Gorbachev's more demanding requirements with respect to efficiency and quality. The GDR will be able to evade this pressure as long as Gorbachev wishes to himself exercise political

supervision of the economy and, therefore, cannot demonstrate that his economic system may be reformed in terms of his desire for modernization.

Incidentally, as far as I am concerned, the USSR offers a hitherto unequalled example of the extent that big countries may, by their economic policy, produce adverse external effects in smaller countries within their sphere of influence.²³

5. The *internationalization of entrepreneurial operations* by direct investment is an important indicator of the extent of a national economy's foreign trade involvement, whether achieved by subsidiaries, branch establishments, joint ventures or other types of investment. The comparative benefits are derived from the combination of financial resources, technical know how and entrepreneurial spirit. Direct investments may set new criteria for domestic enterprises, assume a function of economic and social mobilization, break up entrenched competitive structures and, in general, generate cores of new economic development while going easy on the balance of payments.

The trade generating potential of direct investment is due mainly to purchases between parent companies and subsidiaries (intrafirm trade) as well as to the demonstration and imitation effect of imported technologies on domestic investors.²⁴

It is, therefore, quite understandable that the USSR is striving for a "cover" program of joint ventures with Western firms, considering such ventures to be something like the drive for its modernization and the policy of opening to the outside.

It is very doubtful, though, whether the respective community enterprises will be able to achieve this in USSR territory, as long as the Soviet Union lacks the economic calculation basis and, therefore, any compass for appropriate investment decisions. The trade creating effect, in turn, is questionable because probably most joint ventures are intended to replace current and potential USSR imports. By comparison with other commitments abroad and if the legal and management system in the Soviet Union continues unreliable, Western firms are bound to assume an extremely limited and uncertain scope. They will certainly ask for appropriate compensation for this disadvantage, for instance by guaranteed government orders on calculable terms. Joint ventures "coddled" by the state plan or special state regulations, might offer Western firms an individually attractive business base, such as is rarely achievable in market economic competitive conditions. From the standpoint of ideological and economic considerations, the USSR is unlikely to be able to afford this to any large extent. Will it be prepared so carefully to deploy its economic tools as to prevent the danger of the early departure of Western firms? Will the USSR, therefore, resign itself to reducing the scope of its national economic policy?

The GDR wishes to as much as possible escape this conflict between foreign trade opening and national sovereignty by renouncing any joint ventures.

In fact the GDR authorities admit that the foreign trade dynamism, generated in the West by the internationalization of entrepreneurial operations, tends to indicate the desirability of "a multiplicity of potential starting points for the...GDR's cooperation...with appropriate partners in capitalist industrial countries...and directed to technological advances."²⁵

Even better than "incorporation in an already existing network of such relations" would be "helping to *purposefully* organize it from the very beginning."²⁶

The GDR is obviously disinclined to join the Western convoy of the internationalization of entrepreneurial operations and prefers to itself act the role of the engine on the slower track of CEMA. It accordingly appeals for the more forceful development of planned direct relations, joint enterprises as well as international associations and organizations in CEMA, "of course on the basis of the state plan and the respective treaties."²⁷

Such a "qualitatively new task" is not considered the result of international industrial planning or an entrepreneurial search. Instead it is to consist in the better realization of that which has already been administratively determined to be key technology and top scientific-technological achievement in accordance with the historically advancing distribution of manufacture and the economic interests of the CEMA countries. The GDR thereby unequivocally subordinates the *principle of socialist internationalism* to that of *national sovereignty*."

It interprets this principle as the an obligation to active cooperation of CEMA members, virtually also as obligatory permanent membership, but not as the duty to denationalize state planning authority. Foreign trade regulations in CEMA also must, therefore, guarantee that international economic relations are unable to generate allocative and distributive processes likely to limit economic autonomy, such as would be inevitable in the case of a genuine internationalization of economic processes.

6. The most important benefit of *international economic coordination* consists in lessening the uncertainties for the national economy arising from international events.

Due to its enormous dependence on foreign trade, the GDR should be most interested in reliable and efficient methods of coordination. In this respect it is largely at the mercy of cooperation within CEMA. However, in view of the adjustment problems to be settled, CEMA and, above all, the USSR present an uncertainty factor of the first rank. The GDR has been unable to cope with the reorganizational problems of the 1970's and 1980's or at

least not without a substantial loss of growth. This was largely the result of its strong bonds to the USSR (characterized by, among others, a predominant safety first mentality).

In the same period of time several East Asian countries demonstrated that, even with strong bonds to a larger country—in this instance the United States—domestic adjustment problems can be dealt with despite difficult conditions (that is a rising external value of their currencies).²⁸

In the opinion of Soviet Premier *Ryzhkov*, the “historically generated extensive model of the division of labor among the CEMA countries has exhausted its potential.”²⁹ Goods traffic within CEMA amounts to only 2-3 percent of the world trade volume and is still decreasing. Cooperation has not significantly advanced in any of the respective fields, let alone indicated any chance of catching up to the international competition. Ascribed to *Gorbachev* is the blunt statement that the CEMA members evidently think of the alliance as a “garbage can.” This statement represents another version of Gresham’s law: Bad money (in CEMA) is displacing good merchandise!

The sobering adverse balance sheet of CEMA is not really surprising. Its prime causes are represented by the system related impossibility of proper accounts in CEMA foreign trade and by the government foreign exchange management that paralyzes any entrepreneurial initiative for efficient exports or imports. The following example may serve as a demonstration:

Reexports of mineral oil have been among the most important sources of foreign exchange for the GDR for some time. *Harry Maier*, among others, considers this “a rather expensive affair.”³⁰ He is probably right. We note here an obvious parallel to the postwar period, when West Germany, influenced by the Joint Export and Import Agency, mostly exported raw materials. By contrast, far more finished goods were imported than before, though West German processing capacities lay idle due to the lack of raw materials. Disregarding possible vengeful intentions of the Western Allies, the agencies in charge of foreign trade control lacked proper accounting facilities to find out whether the values withdrawn from the national economy by exports were greater or smaller than the value of purchases from abroad.³¹

Lacking serviceable accounting and currency convertibility, there is no functional prerequisite for successful international economic cooperation. That is why CEMA resembles a “roof without a house” (*W. Roepke*, under which traveling cadres carry on a busy pseudointernationalism. Similar to the farm bureaucrats in Brussels, these cadres waste their time and strength in conflict-ridden commission meetings in order in the negotiations to achieve results that ultimately serve merely to strengthen economic nationalism—in other words have a disintegrating effect.

This state of affairs is being tolerated to this day so as to preserve sufficient scope for the pursuit of national goals by maintaining political control of the economy. If *Gorbachev* is serious about wishing to overcome the CEMA “garbage-can syndrome, he will have to begin to decisively untie the economy from politics in his own backyard: “Convertibility begins at home.” It must be said quite plainly that the now renewed goal of a common market will succeed only by way of an exchange, price and payment community in the liberal sense of the term, or else founder as did the 1971 Complex Program.

The call for a system of international relations as an exchange, price and payment community presumes national systems that basically need to be market economies. In that event, foreign trade can no longer be organized primarily with an eye to government preferences, expectations, and decisions. The government must then limit itself to setting the framework provisions; it must permit domestic enterprises to be exposed to international competition. It also needs to pursue its own economic policy in open international competition. In that case we get the regulative conditions by which membership in GATT and, possibly, the IMF, may lessen the economic uncertainties arising from increasing international interdependence. On the other hand, anyone simply wanting to use such membership for getting free access to Western loans, runs the risk—by way of strengthening pseudointernationalism—of accenting the phenomena of international disintegration and instability.

7. Concluding Theses:

(1) In contrast to a market economic opening (for which the USSR has not yet indicated an adequate political will), the GDR—relying on experiences, self-interest and conceptual considerations—appears to try to evade the worldwide pressure for adjustment, arising from the increasing internationalism of economic processes.

The GDR may be helped by the fact that the sheer extent of its isolation from the West makes for the pressure for adjustment emanating from the world market to be less spectacularly apparent than in market economic conditions. To cite an example: The development of capital flows and rates of exchange clearly shows up the performance of government in open national economies. Usually this produces a strong educational effect on these same governments, an effect not arising in centrally managed conditions.

(2) As long as the USSR is not ready to largely forego political control of the economy, the GDR will not consider it necessary to embark on far reaching reforms and any opening.

(3) The GDR will continue to concentrate its foreign trade relations on the CEMA regions and persistently strive to stay the economic and technical No 1 in CEMA

and to consolidate this status. It is well able to handle this adjustment pressure. No other CEMA country could possibly claim that about 20 of its combines are able to achieve or maintain technical competitiveness with the West.³²

In contrast to all other CEMA countries, the GDR may expand its dominance in CEMA by relying on considerable benefits arising from inner-German trade, on payments for various performances from the federal budget, on credits and the increasing variety of methods of performance exchange (large construction undertakings, manufacture under license, third country cooperations).

Inner-German business relations (in the widest sense) allow the GDR (unlike any other CEMA country) to participate in the benefits of a free international exchange, price and payment community without having to meet the basic regulative conditions normally required. It will, therefore, be much easier for the GDR than other CEMA countries to eliminate planning mistakes and bottlenecks, restructure its production and provide many other things necessary to continue keeping ahead at least in CEMA. However, I am not able to say whether this will so much improve the GDR's economic situation as to enable it to avoid radical reforms.

In fact the FRG is increasingly challenged to improve the regulative conditions for the speeded up internationalization of economic processes. Currently this includes the obligation within the framework of the "united European document" by 1992 to implement the perfectly open internal market that involves the free movement of people, services, commodities, and capital. It is a matter of making more habitable in economic and social terms the present European "roof with house," and to achieve this despite the conflict of interests and a situation that makes it hard to arrive at compromises. This challenging attempt can be successful only to the extent that the desired speedier denationalization of economic processes is rendered feasible by the renunciation of national sovereignty rights and, concretely, by successful deregulation. The outcome is by no means certain, because the interests calling for more regulation tend to be more effectively organized.

I am bound to assert that, the more the party of deregulation prevails in the EC and is able by the elimination of market barriers to improve growth and employment conditions, the more the GDR domestic policy also will be subject to the pressure to adjust its system.

On the other hand no real adjustment pressure on the GDR can be expected from Gorbachev's proposal of a European house organized by a system that tries to combine the challenge of the increasing internationalization of economic processes with sovereignty in the meaning of economic nationalism.

Footnotes

1. SOVIETUNION HEUTE [Soviet Union Today], special issue, July 1988, p 38. In the version published in the GDR, this passage reads: "The internationalization of the economy and all social life is an inevitable process. Any effort at national isolation is bound to result in economic and intellectual pauperization." NEUES DEUTSCHLAND, 6 July 1988, p 7.

2. "Bericht des ZK der SED an den XI. Parteitag der SED" [SED CC Report to the 11th SED Party Congress], East Berlin 1986, p 49.

3. Helmut Koziolk and Otto Reinhold, "Social Policy and Social Economics," EINHEIT, 1988, No 8, pp 720f.

4. According to World Bank reports, the GDR has slipped from 19th to 28th place in the international development of per capita income in the period 1965-84. By comparison, the FRG advanced from 11th to 9th place; the USSR slipped from 21st to 33d, Hungary from 27th to 37th. See Paul J.J. Welfens, "Growth, Innovation and International Competitiveness," INTERECONOMICS, July/August 1987, p 171.

5. Liberalization and expansion of world trade by the ban on quotas, export and import permits as well as the reduction of tariffs and nontariff trade obstacles, the principle of unconditional most favored nation treatment in the meaning of equal treatment (nondiscrimination) of all members and the placing of domestic and foreign commodities on an equal footing (resident treatment principle).

6. See Richard Senti, "The economic relevance of GATT," ZEITSCHRIFT FUER WIRTSCHAFTSPOLITIK, Vol 36, No 3, 1987, pp 193-206.

7. The concept of the uniform enterprise result has remained mostly theoretical. In fact the allocative and distributive influence of foreign trade prices on the enterprise result is largely excluded by means of *standard rates* and sophisticated *foreign exchange rates*. For the GDR, see Hans-Heribert Derix and Maria Haendcke-Hoppe, "Foreign Trade Systems," in "Materialien zum Bericht zur Lage der Nation im Geteilten Deutschland" [Materials to the Report on the State of the Nation in Divided Germany], German Bundestag, 11th Electoral Term, pamphlet 11/11, 18 February 1987, pp 212f. For the USSR, see Vladimir Kuznetsov, "Domestic and Foreign Trade Prices: Problems of Reciprocal Relations in the New Conditions of Economic Management," AUSSENHANDEL UDSSR, 1988, No 7, p 42.

The reservations vis-a-vis the grant of most favored nation treatment to socialist countries caused me to look for exceptional regulations conforming to GATT. The following approaches are conceivable or have already been adopted:

—Commercial considerations clause as per Article XVII, Paragraph 1b. According to this, government trade organizations are obligated to organize foreign trade exclusively from business aspects. Prices, quality, the available volume and marketability are to be the criteria. This demand may be considered an implicit ban on discrimination. However, such a ban is not enforceable on state trade countries as long as the scope of action of enterprises is strictly regulated from the standpoint of specific government targets.

—Import volume promise. Before World War II, the United States attempted to ensure most favored nation treatment by obligating the USSR in a trade agreement to import a specific quantity of goods per annum. This is a matter of bilateral sales guarantees having the nature of preferences; in other words it does not permit multilateral freedom of movement and, judged by the GATT concept, represents a bad solution.

—Time limited favored nation treatment. In this instance, the grant of favored nation treatment is revocable if the socialist country's imports are considered inadequate. This English approach to the USSR is unsatisfactory from the aspect of trade, because it is uncertain and relies on the bilateral principle.

—The Polish method of 1968 (like that of Romania since 1971). Here the socialist country concedes a *dynamic overall quota* to all GATT members. In the case of Poland, the nominal growth rates of the overall quotas were more than outweighed by inflation and changes in parity in the very first 2 years. The agreements are subject to annual review and, therefore, limited. The benefits of tariff stability are lost thereby, especially because, as in the case of Poland and Romania, "trade dislocations" (and when could such dislocations not be demonstrated by the socialist countries?!) give either side the right to adopt counter measures.

—Hungary's 1973 price method, supplemented by provision analogous to those adopted by Poland and Romania. Here it is assumed that the price system of the socialist countries includes so many market economic elements, that foreign trade relations with GATT members also proceed on the basis of a predominant market coordination. The lowering of customs barriers might then be considered a genuine trade concession. However, reality is very different in the case of Hungary, too. Strong inflationary pressure and chronically overvalued currency cause an import pull, while there is little pressure to export. The interdependence effects of market coordination are not anything like as comprehensive and thorough as is frequently assumed. Fixed prices, maximum prices, marginal prices, free prices (actually cost prices according to specific government directives) cause the price system to be generally distorted. Moreover, state investment planning is pervasive. Changes in capacity are thus not subject to market forces. There are also various restrictions on competition. Foreign exchange is centrally managed. Consequently no direct

relation exists between domestic and foreign prices. Nor does the grant of most favored nation treatment affect Hungary's substantial delivery agreements in CEMA.

For more details see H. Groener, "On the Grant of Most Favored Nation Treatment by State Trade Countries—The Issue of GATT Membership by CEMA Countries," in A. Schueller and U. Wagner (editors), "Aussenwirtschaftspolitik und Stabilisierung von Wirtschaftssystemen" [Foreign Trade Policy and the Stabilization of Economic Systems], Stuttgart/New York 1980, pp 233ff.; Richard Senti, *ibid*; Richard Senti, "GATT-System der Welthandelsordnung" [The GATT System of World Trade Order], Zurich 1986.

8. Willi Kunz, "Scientific-Technological Progress—Socialist International Division of Labor," WIRTSCHAFTSWISSENSCHAFT, Vol 36, No 9/1988, p 1291.

9. *Ibid*, p 1295.

10. See BUDAPESTER RUNDSCHAU No 25, 1988.

11. Alfred Schueller, "East European Economic Integration by Means of a Payment Union on the Model of the European Payments Union," in WIRTSCHAFTSPOLITISCHE CHRONIK DES INSTITUTS FUER WIRTSCHAFTSPOLITIK AN DER UNIVERSITAET ZU KOELN [Economic Chronicle of the Institute for Economics at Cologne University], No 1, 1973, pp 75ff.

12. Institute for World Economy at Kiel University (editor), "Changes in the International Division of Labor Following the Emergence of an Asian-Pacific Growth Region," expert opinion for the Federal Ministry for Economics, summary in AKTUELLE BEITRAEGE FUER WIRTSCHAFTS- UND FINANZPOLITIK, No 47/1988. Japan by itself raised its share in world trade from 4.5 percent in 1970 to 9 percent in 1986. In 1970 the GDR accounted for about 1.6 percent, in 1980 for only roughly 1 percent and in 1986 for some 1.3 percent. In "Economic Survey of Europe in 1987/1988," prepared by the Secretariat of the Economic Commission for Europe, New York 1988, Statistical Appendix Tables C-1 and C-5.

13. See Paul Frenzel, "The Socialist Monetary System of the GDR, Origins and Problems," DEUTSCHLAND ARCHIV No 7, 1988.

14. See Axel Lebahn, "New Types of Cooperation. Will Perestrojka Be Able to Expand the Outlook for Cooperation?," supplement to SUEDEDEUTSCHE ZEITUNG No 164, 19 July 1988, p 38.

15. The USSR foresees wide ranging opportunities for "active technological exchanges between East and West" in the manufacture of computer and information equipment, household electronics, new materials and the field

of biotechnology. See Stanislav Simanovski, "Technological Exchanges Between East and West: Challenges to the New Mentality," AUSSENHANDEL UDSSR No 1/1988, p 25.

16. See BUDAPESTER RUNDSCHAU No 8/1988.

17. See Kunz, as before, p 1284.

18. Ibid.

19. It is generally assumed that a country with a large domestic market enjoys comparative cost advantages with respect to commodities with a great deal of flexibility of scale. Economies of scale in manufacture mean that long-term average costs can be reduced by increasing the volume of sales. If such an increase cannot be realized on the domestic market, the desirable decline of costs may be achieved by exports. Normally this result is gradually obtained via competitive price decreases. It is, however, the special feature of strategic trade policy by eliminating competitors to more quickly achieve the output volume needed for obtaining the greatest cost benefits and, consequently, conquer the market. To that end it is necessary by means of market studies to ascertain the price zones for a new product to be able to expect sales in an appropriately large volume. Once the manufacturer thinks he knows this, he must to find out whether the respective output volume can be profitably produced. If that also appears reasonably certain, manufacture and sales are launched. Until the achievement of the most favorable output dimension, excess costs must be subsidized either by the firm itself or by outside agencies (for example the government).

20. Disregarding the obstacles to access to the market, subsidies make for concentration at high costs. Discrimination affects unsubsidized enterprises and sectors. Countermeasures by other countries, up to and including trade wars, must be expected.

21. The total 1985 output of the "group of five" amounted to DM407 billion in the FRG, almost 25 percent of the total production of German industry. It provided a significant contribution to the FRG's active balance of trade, a success made largely possible by ultra modern integrated switches. See Hermann R.Franz, "International Competition and Technical-Economic Progress from the Standpoint of the Entrepreneur," in Juergen Mittelstrass (editor), "Wissenschaftlich-Technischer Fortschritt als Aufgabe Einer Freiheitlichen Kultur" [Scientific-Technological Progress as the Task of a Liberal Culture], Cologne 1987, pp 97ff.

22. See "Materials to the Report on the State of the Nation in Divided Germany," part B, as before, p 608.

23. On the relationship between large and small countries in general, see Hans Willgerodt, "Interdependences of National Trade and Economic Policies: Challenges to GATT," BEIHEFTE DER KONJUNKTURPOLITIK, No 34, Berlin 1987, pp 24FF.

24. Institute for World Economics at Kiel University (editor), as before.

25. Hans Juergen Wunderlich, "Key Technologies and International Economic Relations," in Werner Sydow (editor), "Technologien im Umbruch" [Technologies in Upheaval], East Berlin 1988, p 93.

26. Ibid.

27. Kunz, as before, p 1290.

28. Scientific Advisory Council at the Federal Ministry for Economics: "Economic Consequences Arising from the Foreign Trade Imbalances of the Major Industrial Countries," AKTUELLE BEITRAEGE ZUR WIRTSCHAFTSPOLITIK UND FINANZPOLITIK, No 21, 5 April 1988, p 27.

29. PRAVDA, 6 July 1988, cited in AKTUELLE ANALYSEN DES BUNDESINSTITUTS FUER OSTWISSENSCHAFTLICHE UND INTERNATIONALE STUDIEN No 40/1988, 22 July 1988; and Christian Meier, "New Concepts for Economic Integration in CEMA? Political and Economic Aspects of the 44th Council Meeting in Prague in 1988," BERICHT DES BUNDESINSTITUTS FUER OSTWISSENSCHAFTLICHE UND INTERNATIONALE STUDIEN, No 37, 1988.

30. Harry Maier, "Innovation oder Stagnation. Bedingungen der Wirtschaftsreform in Sozialistischen Laendern" [Innovation or Stagnation. Conditions for Economic Reforms in Socialist Countries], Cologne 1987, p 73.

31. See Fritz W.Meyer, "The Foreign Trade of the Western Occupation Zones in Germany and the Federal Republic 1945-52," in "Wirtschaft ohne Wunder" [Economics Without Miracle], Erlench-Zurich 1953, pp 258-285. 32. See Karl C.Thalheim, "No Prerequisites Available At All for a Fundamental Change in the System. Gorbachev's Efforts for Reform and the Future of East-West Economic Relations," POLITISCHE STUDIEN, vol 39, July/August 1988, pp 348-363.

32. See Karl C. Thalheim, "For a Basic System Change Their Are No Assumptions Whatsoever. Gorbachov's Reformatory Efforts and the Future of East-West Relations. In: Political Studies, No. 39, July/August, 1988, p 348-363.

CZECHOSLOVAKIA

Agricultural Reforms, Trade in CSSR Viewed
23000164 Stuttgart OSTEUROPA UND
WIRTSCHAFT in German Mar 89 pp 33-48

[Article by Zdenek Lukas: "Agricultural Reforms and Trade in the CSSR"; first paragraph is OSTEUROPA UND WIRTSCHAFT abstract in English in original text]

[Text]

Abstract

In the course of the implementation of the agricultural reform (of 1989) farms are to gain more independence vis-a-vis the authorities; mandatory plan indicators for farms will be reduced. Opportunities to contract freely with suppliers and customers will be increased. Financial instruments (taxes, interest rates, input and output prices) will play a more significant role. The leeway for trade and cooperation with the West will be expanded; the new joint venture law allows the Western capital share to exceed 50 percent. Czechoslovak demand for Western deliveries and cooperation is likely to concentrate on agricultural inputs (special machines, fertilizer, and pesticides) as well as on the food processing industry.

I. Agriculture's Status in the National Economy

Upon comparison with the other CEMA countries, agriculture's share in CSSR national income (about 7 percent) is rather small, while the technical, financial, and organizational standard of this sector is relatively high. Compared with Western countries enjoying a similar climate and soil conditions, the CSSR achieves satisfactory results with respect to grain cultivation. In the past 2 years the country has in fact been almost self-sufficient in this respect. Success was also recorded in the matter of rapeseed output. The results of sugar beet and potato production, on the other hand, are not so good. While livestock production is enough to supply the general public, the results achieved with respect to feed utilization and output per animal are unsatisfactory. The entire farm sector is beset by unduly high production costs. Moreover, the pollution problem has turned quite serious. Industrial pollution causes enormous crop losses, and agriculture's injudicious application of fertilizers and pesticides as well as the prevalence of leaking sewage ditches are polluting the ground water.

Despite agriculture's small share in the national income, this sector is of special importance in the CSSR. The reform of the national economy in the second half of the 1960's actually began in the farm sector. Agriculture is also to the fore in the present—albeit very modest attempts—to reform the national economy.

II. 1966 Agricultural Reform

The new measures for the socialist sector (state farms, agricultural producer cooperatives—LPG's [Agricultural Producer Cooperative]), introduced in the course of the 1966 economic reforms, resulted in a quick upsurge in this sector.¹ Plan indicators were no longer strictly mandatory, greater material incentives motivated farms to modernize their machinery and increasingly use inputs such as fertilizers and pesticides as well as high quality seed). Furthermore, in the farm sector, the state controlled price policy encouraged a more rapid growth of output than input prices. Thanks to the retention of some of these measures even after the 1968 invasion by the Warsaw Pact forces and as a result of the investment boom in the first half of the 1970's (when investments in the farm sector rose by 11.3 percent annually), the development of agriculture was quite good even in the early 1970's.

In that period of time, the government considered private farming (at that point still producing 20 percent of gross farm output) superfluous and suppressed it as far as possible. This policy led to a noticeable decline in natural consumption in the countryside.

III. Agricultural Crisis

The return to the earlier practices of economic life as well as the weak development of crop production resulted in a crisis in Czechoslovak agriculture in the second half of the 1970's and the early 1980's.

The steadily more serious discrepancy between rising meat production and deficient fodder output necessitated substantial grain imports and finally required cuts in domestic livestock production. To adjust demand to the supply, retail meat prices were raised in early 1982 by up to 50 percent (depending on the type of meat). Per capita meat consumption accordingly dropped by 8 percent (to 80 kg) within a year.

Investments represent one of the main reasons for the renewed growth dynamic of agriculture in the first half of the 1980's. While total investments declined (- 1.1 percent per annum), they rose in the farm sector by 6.8 percent from 1981 to 1985 (following stagnation in 1976-80). It was cheaper to produce grain at home (despite greater investment costs) than to import it at rising world market prices.

The crisis in the socialist sector also resulted in the encouragement of private and part-time farming.² Relatively generous measures were enacted from 1979 onward. The most important were (a) the possibility of feeding up larger numbers of livestock (for which purpose more feed was made available), (b) the abolition of income tax,³ and (c) the increase in the purchasing price of animal products. However, this encouragement of some private producers does not extend to the 9,000 remaining "genuine" small farmers (1 percent of the

persons employed in the farm sector), whose main income is derived from farming. The subsidies concentrated specially on meat production.

The first successes were registered as early as 1981, when, for the first time in years, private livestock production once again accounted for 10.6 percent of total livestock output. In recent years, the share of private gross farm production has stabilized at roughly 12 percent of total gross farm output. At the same time, the private sector accounts for only 4 percent of total farm costs, so that its share in total net farm output amounts to about a third.⁴

IV. Trend Since 1983

Since the stabilization of grain yields (1983), agriculture has once again been one of the stabilizing factors of the Czechoslovak economy in terms of the general public's food supplies. Also, since 1970 the extent of self-sufficiency with respect to the farm sector has risen by 10 percent to 97 percent. The intention now is to maintain the standard of gross farm output achieved, though the production structure is to change toward crop production (in particular feed crops).

In future much greater attention is to be devoted to increasing net farm output, because the currently major problem of Czechoslovak agriculture appears to be the high and steadily rising cost of production. One of the main reasons for this rise is represented by the substantial increase in the cost of materials. The—dubious—merger of state farms and LPG's in 1970-85 (especially in the 1970's), for example, meant that the average transportation distances within the farms rose by an average 125 percent to 9 km,⁵ and this resulted in a substantial rise in gasoline consumption—precisely at the time oil prices shot up.

V. Agricultural Foreign Trade

In the past some important agricultural policy decisions in Czechoslovakia were affected by the development of agricultural trade. In particular after the second half of the 1970's, when the CSSR was compelled to spend more than \$1.5 billion on grain imports,⁶ some rational measures were adopted for agriculture, resulting in an upswing in this sector and in a drop in grain imports. The significance of agricultural trade (SITC 0, 1.4) declined in the structure of total CSSR foreign trade through 1983 (2.9 percent with respect to exports and 7 percent to that of imports). It has stayed at roughly the same level.

Since 1982, the socialist countries account for more than 50 percent of CSSR farm imports. Grain imports from Western countries (United States and Canada) have dropped most: While the CSSR imported almost 2 million tons of grain for more than \$300 million per annum in 1976-80, the volume and value of grain imports fell by about half in 1981-85.

Currently the CSSR is virtually independent of grain imports. Fruit and vegetables (27 percent) have taken the place of grain (that used to account for almost 25 percent of all farm imports in terms of value). This is due to rising world market prices as well as to the stagnation of socialist agriculture with respect to fruit and vegetable output, while consumption is steadily growing. In 1984-85, this development resulted in a renewed rise in imports (to 8.5 billion korunas). Next in importance now are the so-called compulsory imports (coffee, tea, cocoa, condiments), accounting for 15 percent (roughly) of farm imports. Also worthy of mention are feed concentrates (oil cakes, crushed grain, soy beans, and so on), accounting for about 10 percent.

Though farm exports are very small by comparison with total exports and tend to be stable (3-4 percent), they represent an important source of hard currency earnings. More than half all CSSR farm exports (63.2 percent in 1986) go to purchasers in nonsocialist countries (Western industrial and developing countries). In some years in the 1980's, Czechoslovak farm exports to Western industrial countries actually exceeded the export volume of machinery (SITC 7) to that region.⁷ Admittedly, this important status of farm exports is due more to the declining export dynamic of Czechoslovak machines that lack the competitive edge in trade with the West.

To compensate the loss of hard currency earnings in the export of machinery, the CSSR has lately begun to add more farm products to such traditional commodities as sugar,⁸ hops, brewing barley and malt. However, in view of unduly high production costs, the profitability of these new export commodities is in some doubt. For example, exports to the West of meat and dairy products are currently in first place, accounting for about 50 percent of total farm exports of nonsocialist countries. Exports of traditional Czechoslovak farm products lag behind.

In 1980 the traditional deficit of total agricultural trade reached its first apex at 4.8 billion korunas. It then declined through 1983 to rise again from 1984 on and achieved 5 billion korunas in 1986. The primary reason was the deterioration of the terms of trade of CSSR agricultural trade. In the agricultural trade with the nonsocialist countries the CSSR succeeded in lowering the top debit (about \$0.5 billion) in 1980 to roughly \$0.2 billion in 1984. Since then it has risen moderately to about \$0.3 billion in 1986.

VI. Cooperation With the FRG and Austria

Czechoslovakia maintains a steady credit balance in agricultural trade with its two Western neighbors—the FRG and Austria. In recent years, farm exports to the FRG have amounted to more than 20 percent of all CSSR deliveries to socialist countries, while Czechoslovak imports from the FRG accounted for only 5-7 percent. The most important items exported from the CSSR to the FRG are meat and live animals, fresh fish

represent the major FRG exports to the CSSR. CSSR farm trade with Austria is only half as intensive as with the FRG. In exports to Austria, meat and butter predominate (about 10 percent), in imports meat and live animals (around 2 percent).

Cooperation agreements are another type of collaboration with Western industrial countries. A total of 42 such agreements were concluded up to the end of June 1988. This year a turnover in the amount of 715 million korunas (about \$140 million) is planned. Cooperation concentrates specially on livestock breeding, meat, fruit and vegetable processing, the greater mechanization and chemicalization of agriculture as well as seed production.⁹

Cooperation has progressed farthest with the FRG. Pesticides and rapeseed production are the object of the latest agreement with the BASF chemical corporation (September 1988); the annual turnover is expected to achieve more than \$50 million.¹⁰ Cooperation with Austria, too, has turned more intensive following the conclusion of a treaty on cooperation in agriculture (1987). The plans provide for increased cooperation in particular in the field of farm equipment, livestock and crop breeding, the lowering of pollution caused by farming as well as joint efforts to combat the death of the forests.

VII. 1989 Agricultural Reforms

The Czechoslovak Government does not seem too impressed by the intended dimension of Gorbachev's economic reforms. The reform conception enacted in the CSSR has no definite outline. The national economy as a whole is to operate in accordance with the new rules from 1990 on. Farm reforms are already to be introduced at the beginning of 1989.

The middle layer of the earlier 3-stage organization and management structure of farming (Ministry of Agriculture—district farm administration—farm) has been abolished in order to make actual farm management more flexible. The future 2-stage management structure (ministry—enterprise) is to bring about a 50-percent reduction in the incidence of administrative agencies, and some unemployment is expected to result. Unemployment benefits will be provided for 6 months.¹¹ State farms will have the status of a state enterprise. This is intended to create organizational conditions in the state farms similar to those prevailing in the LPG's (more internal democracy, greater responsibility for the results).

The role of financial instruments is to be enhanced. All farms are to pay a payroll tax amounting to 50 percent. This is meant to raise labor productivity and lower production costs.¹² The profits tax also will in future amount to 50 percent. As far as credits are concerned, farming is supposed to become subject to the same terms (higher interest rates) as other sectors of the economy.

This is meant to exert greater pressure toward the use of the farms' own financial resources.¹³ Investments are soon to be financed mainly from their own resources or by loans.¹⁴ In future financially strong farm enterprises may loan money to other farms at the same interest rates as banks.

The increase in farm prices (20 percent total), centrally coordinated from 1 January 1989, is intended to specially stimulate a greater output of grain for human consumption (durum wheat, brewing barley), potatoes and sugar beets, fruits and vegetables. However, this new pricing system adversely affects farms operating in hilly and mountainous regions, because these have a different production structure.¹⁵ Higher prices are also to encourage beef cattle raising. Farm prices and wholesale prices of "farm commodities important to the national economy" continue to be set centrally. The group of farm products sold at "free" prices (agreed between supplier and customer) is to gradually enlarged.

The scope of other existing price instruments (subsidies for farm prices, premiums, allocations as well as extra subsidies I and II and system subsidies) is to be reduced. According to the extra subsidies I (annual payment for the land), farm enterprises have now been assigned to 42 "production economic groups." The 21st through 42d group may claim a subsidy amounting to 1-92 korunas per 100 korunas market production.¹⁶ The extra subsidies II and system subsidies are to provide financial aid mainly to those farm enterprises that, in the new economic conditions, are bound to make losses due to their particular location. This means that Czechoslovakia rejects the latest Gorbachev proposal—to close unprofitable Soviet sovkhozes and lease their land to individual farmers.

The role of the state plan is to be weakened. In principle there will in future be only a single "mandatory indicator" in the state plan for farm enterprises—the sale of grain to the state. Grain sales in excess of the state plan will be rewarded by a price supplement of about 30 percent. In case of a shortage, the central authorities may also prescribe the sale of slaughter animals to the state. Other formerly mandatory state plan indicators will be of an "informational nature" only. In fact this will mean that these indicators may be disregarded only by those farm enterprises that do not claim extra subsidies II or system subsidies (financial encouragement of unprofitable enterprises), in other words only those farms that will operate entirely on the self-financing principle. The independence of farm enterprises will also continue to be restricted by various normatives (such as grain consumption per production unit) or consumption limits (in particular for energy sources).

In general, the additional taxes are to be compensated by the rise in farm prices and other financial instruments. Admittedly, we must expect a shift in profitability among farm enterprises toward those that are stronger in terms of management and entrepreneurial ability.

According to Czechoslovak farm experts, the changes proposed will have a favorable effect on two thirds of farm enterprises.¹⁷ The "survival" of the weaker enterprises will be guaranteed by the extra subsidies II and system subsidies.

In future farm enterprises will be permitted to choose their suppliers and, in the majority of cases, their customers for less important farm commodities. Restrictions will continue with respect to the sale of grain and other "products of special importance to the economy" (such as slaughter cattle, sugar beets, hops, and brewing barley). An expansion may be expected of the so-called nonagricultural operations of farm enterprises. These are already very important. Farm enterprises will also soon be able to themselves process their produce. This is intended on the one hand to relieve the strained capacities of the mixed feed and foodstuffs industries and on the other to offer an additional source of earnings to state farms and LPG's.

VIII. Effects of the Agricultural Reform on Trade With the West

Complaints have been voiced for years to the effect that, with a few exceptions, cooperation with the socialist countries in the farm sector works badly or not at all. That is the reason why the market is shortly to be opened to the West. From 1989 on, CSSR agricultural enterprises will be allowed to realize direct business transactions (without government assistance) with Western firms, although the amounts involved may not exceed 30 million foreign exchange korunas. A permit from the Ministry of Agriculture will be required for any larger amounts. On the other hand, we should expect the majority of farm enterprises not to immediately exploit these opportunities (due to a lack of experience) and to at least initially continue to use the services of the Koospol agricultural foreign trade organization. Koospol has been converted to a joint stock corporation. In addition to the major state enterprises from the processing sectors of agriculture, some financially strong farm enterprises either are stockholders already or may become so in future.

Western firms are, therefore, offered the opportunity not only to continue traditional agricultural business transactions (usually compensation business) but also to intensify the sector of bilateral cooperation. In addition a new law on joint ventures was enacted in Czechoslovakia in November 1988. This permits Western firm to hold more than 50 percent of stock.¹⁸ The approval and authorization procedure has been simplified.

Joint ventures in previous and subsequent sectors of agriculture appear to be the most likely. Czechoslovakia is in urgent need of technology and know how with respect to the production of special fertilizers (liquids, for example) and pesticides as well as special farm machines (for the application of the above chemicals, for the maize, flax, and hops harvest). In view of the

possibility to directly process farm produce in the farm enterprise, Western firms of the food industry will have an opportunity to set up joint ventures direct with agricultural enterprises.

By contrast prospects seem rather poor with regard to Western exporters expanding their sales of farm produce, above all of essential foods. In addition to the increased extent of self-sufficiency of CSSR agriculture, Western exporters are primarily affected by reciprocity business quotas¹⁹ that amount to 80-120 percent. Czechoslovak reciprocity business quotas for exporters of machines and equipment for the farm sector and the food industry, on the other hand, are set at only about 25 percent.

IX. Conclusions

The new agricultural reform in the CSSR allows less scope to market instruments than does the Soviet version. The greatest difference lies in the assessment of the role of the private sector. Gorbachev considers the encouragement of the private sector to be the fastest means to improve food supplies for the general public without incurring unduly high costs. He is also prepared for ideological compromises to achieve this goal, even to accept consequences that may be distasteful to the party. The Czechoslovak Government, for its part, has chosen a safer policy that will not involve the threat of having the party's leading role questioned. The central authorities will gradually expand the leeway for enterprises of the existing state farms and LPG's, though they will insist on always being able to intervene in economic life. The latest change of government in Prague (October 1988) again confirmed that the reformist attempts in the CSSR are taking a path differing from Gorbachev's reform policy.

Footnotes

1. See Z.Lukas, "Development Trends in Czechoslovak Agriculture," WIRTSCHAFTS- UND SOZIALWISSENSCHAFTLICHE OSTMITTELEUROPA-STUDIEN, No 12, 1986.

2. See Z. Lukas, "The Private Sector in CSSR Agriculture Since 1970," WIIW-FORSCHUNGSBERICHTE, No 121, September 1986.

3. Income tax (10-60 percent) will be reintroduced as of 1 January 1989—see ZEMEDELSKE NOVINY, 24 Oct 1988, p 3.

4. HOSPODARSKE NOVINY, No 5, 1988, p 3.

5. POLITICKA EKONOMIE, No 1, 1986, p 44.
6. In this period of time, Czechoslovakia's hard currency debts rose by \$3.8 billion (gross).
7. HOSPODARSKE NOVINY, No 5, 1988, p 3.
8. The loss of output of sugar beet expected for 1988 is valued at about 1 billion foreign exchange korunas (roughly \$0.2 billion). It is, therefore, not impossible for the CSSR to have to import sugar in 1988/1989 (net). ZEMEDELSKE NOVINY, 28 September 1988, p 1.
9. ZEMEDELSKE NOVINY, 8 September 1988, p 3.
10. ZEMEDELSKE NOVINY, 8 October 1988, p 7.
11. ZEMEDELSKE NOVINY, 10 March 1988, p 5.
12. ZEMEDELSKE NOVINY, 10 June 1988, pp 1, 4.
13. ZEMEDELSKE NOVINY, 18 October 1988, pp 1, 3.
14. ZEMEDELSKE NOVINY, 12 March 1988, p 1.
15. ZEMEDELSKE NOVINY, 24 October 1988, p 1.
16. ZEMEDELSKE NOVINY, 1 August 1988, p 4.
17. RUDE PRAVO, 17 August 1988, p 4.
18. ZEMEDELSKE NOVINY, 9 September 1988, p 1.
19. Negotiated quotas as percentages of the value of export credit.

HUNGARY

Law Governing Private-Sector Contracts Being Revised

25000249b Budapest NEPSZAVA in Hungarian
2 May 89 p 8

[Interview with National Consumer Council legal counsel Dr Eva Perenyi, by Andrea Varhegyi: "New Law Governing Contractual Businesses Being Prepared"; date and place not given]

[Text] Not too long ago the legal committee of the National Consumer Council [FOT] examined the problems of contractual systems operations. We discussed with FOT legal counsel Dr Eva Perenyi just why this item was placed on the agenda just now, and why it became important.

[Perenyi] The law governing contractual arrangements is 9 years old, more or less. At that time there was an urgent need for the law in order to give some life to the catering and service industries, and to establish another form of business along the state and cooperative sector. This was the contractual business. At that time the goal was to

improve the supply of goods, as well as the conditions for shopping, to reduce investments, to render business operations more efficient, and to rationalize work force utilization. Quite naturally, the intent to increase the entrepreneurial spirit and to provide room for individual initiative was not negligible either.

[NEPSZAVA] If all this became a reality, why is there a need for the present changes, for the development of new legal provisions?

[Perenyi] Many of the perceptions became reality, at the same time, however, it is a fact that 5-year contracts suggested an opportunity for spectacular, quick enrichment. Thus the shopper, the guest was frequently short-changed. This is so, because instead of thinking in the long term and making investments, the entrepreneur endeavored to "remove" larger profits from the business. Under traditional operating forms—irrespective of how independent the outlet manager was—the business remained part of a hierarchical enterprise structure. The manager was supposed to comply with directions received from headquarters and his interest extended only insofar as increased wages were concerned. The contractual manager had an employment relationship with the enterprise from which he leased premises. And from the standpoint of labor law: as long as the contractual relationship was in force the manager's employment relationship with the employer ceased. One thing is certain: there was financial incentive, because under any circumstances profits were higher than in shops and restaurants managed under the traditional form of operation. Until last June one-fifth of the small store units operated on this basis. It was popular in commerce and in the catering industry in particular, and to a lesser extent in the service industries.

[NEPSZAVA] What do you mean by modernizing the legal provisions? Are the framers of the law guided by the attitude of the shopper, of the guest, or by now, perhaps by the need to regain the shopper or the guest?

[Perenyi] Life itself, but also the enactment of the law on business organizations suggests that the law governing contractual operations be modernized. They want to change the thus far overly restrictive rules of contracts by all means. They are endeavoring to achieve sector neutrality, which means that they would make no difference between state, cooperative or private businesses. The lessor and the lessee would agree on the basis of private contract law, and labor law elements would be deleted. In this way a truly adjunct [rather than subordinate] relationship may evolve between the parties.

[NEPSZAVA] Who may become entrepreneurs according to the plan?

[Perenyi] Business organizations as well as private persons. A private merchant may enter into enterprising under the same conditions as a civil law association, a small cooperative, a General Consumer and Marketing Cooperative [afesz], or a catering enterprise to mention just a few. Consideration was also given to extending the terms of contracts beyond 5 years.

[NEPSZAVA] Thus far entrepreneurs acquired such contracts on the basis of competitive bidding. Will you retain this method of obtaining a contract?

[Perenyi] For the time being there is a variety of perceptions concerning the legislative draft. Some attorneys favor competitive bidding, others voted against it. The possibility of an entrepreneur making a security deposit has also been

raised—let him try his luck thereafter. None of this has been decided thus far. There is one fact however: During the past 3 years the number of private enterprises has declined from 32,000 to 17,000. The present law proposed for adoption should be appropriately publicized and subjected to debate. The clear purpose of the change is to have entrepreneurs who provide clear guarantees, to whom the customer or the guest may return with confidence.

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